

2012 WL 6837063 (Ill.Cir.Ct.) (Trial Pleading)  
Circuit Court of Illinois.  
County Department  
Law Division  
Cook County

Karen SOPER, individually and as Beneficiary and Trustee of the Karen Soper Trust Dated June 3, 2004, and as Trustee and Beneficiary of the John J. Soper Revoc Trust, and as Beneficia of the Soper Family Trust Dated June 4, 2007, Sk Barrington Advisors, LLC, Plaintiffs,

v.

Craig UMPHRESS, Patrick Sacor, and Kevin Hull, Defendants.

No. 2012-CH-45636.  
December 3, 2012.

Jury Demanded

**Complaint**

Attorney for Plaintiffs, [Nicholas A. Caputo](#), Caputo Law Firm, P.C., Cook County # 49711, 901 [W. Jackson](#) Suite 301, Chicago, Illinois 60607, (312) 253-0279 (tel.), (888) 463-5405 (fax), [ncaputo@caputolawfirm.com](mailto:ncaputo@caputolawfirm.com).

NOW COME the Plaintiffs, KAREN SOPER, individually and as Beneficiary and Trustee of the Karen Soper Trust Dated June 3, 2004, Trustee and Beneficiary of the John J. Soper Revoc Trust, and as Beneficiary of the Soper Family Trust Dated June 4, 2007, and SK Barrington Advisors, LLC, by and through her attorneys, Nicholas A. Caputo, of the Caputo Law Firm. P.C. and for their Third Amended Complaint against Defendants, CRAIG UMPHRESS, PATRICK SACOR, AND KEVIN HULL, states as follows:

**FACTS COMMON TO ALL COUNTS**

**Overview**

1. This case arises out of a scheme to convince **elderly** persons, including the Plaintiffs in this case, to allow life insurance policies to be issued on their lives for the benefit of others.
2. The **elderly** persons are told that they will not be required to pay any money out of pocket because certain banks would fund the life insurance premiums until one or more of the life insurance policies could be sold at a profit sufficient to pay the premiums for another policy.
3. According to the Illinois Department of Financial and Professional Regulation, these arrangements are referred to as Stranger Originated Life Insurance (STOLI) in that an investor group—strangers—initiate the insured's application and will likely acquire an interest in the life (and possibly profit from the death) of a participant. These arrangements are also referred to as “zero premium life insurance,” “estate maximization plans,” “no costs to the insured plans,” or non-recourse premium finance transactions.”
4. In this case, Plaintiff Karen Soper was convinced into allowing millions of dollars of life insurance to be put into force on her life with funds supplied by two banks.

5. These insurance policies, which named third parties as beneficiaries, have since been allowed to lapse by one or more of the defendants in this case.

6. Although Karen Soper did not and could not derive any benefit from the life insurance policies issued on her life, the banks are now claiming that she is liable for the money that was used by one or more of the defendant in this case to purchase the life insurance.

7. This case seeks, among other things, to balance the equities and prevent Mrs. Soper from suffering from the wrongful acts and/or omissions of one or more of the defendants.

### **The Parties & Jurisdiction**

8. Plaintiff, Karen Soper, is a widow who at all relevant times, lived alone in a home located in Lake County, Illinois. Mrs. Soper is currently 71 years of age and at all relevant times was considered **elderly** under Illinois law.

9. The highest level of education completed by Mrs. Soper was high school. Mrs. Soper has no education, training, or experience in life settlements. Mrs. Soper had been predominately a homemaker throughout her lifetime.

10. Plaintiff Karen Soper is the Beneficiary and Trustee of the Karen Soper Trust Dated June 3, 2004.

11. Plaintiff Karen Soper is the Trustee and Beneficiary of the John J. Soper Revocable Trust.

12. Plaintiff Karen Soper is the beneficiary of the Soper Family Trust Dated June 4, 2007.

13. Jurisdiction is proper because several of the acts and omissions that give rise to this case took place in Cook County, Illinois.

### **The Attorney Client Relationship & The Anico Policy**

14. In approximately 2004, Walsh entered into an attorney-client relationship with Karen Soper. Walsh initially assisted Mrs. Soper with a transaction involving a 1031 exchange. Thereafter, Walsh performed numerous legal and/or financial services for her including but not limited to trust and estate planning work, insurance, and rendering investment advice.

15. In approximately 2004, Walsh also entered into an attorney-client relationship with David Soper, Mrs. Soper's son. Despite his representation of her son, Walsh owed all duties and loyalties imposed upon him by Illinois law and the Illinois Code of Professional Conduct.

16. Mrs. Soper provided all of her financial documents and information to Tim Walsh and fully cooperated with Walsh to provide Walsh with any information he requested.

17. Mrs. Soper trusted and reasonably expected Tim Walsh to hold in confidence documents and information she provided to Walsh, to safeguard that information, and not to allow her information to be disseminated to others who might financially exploit her.

18. Mrs. Soper trusted and reasonably expected Tim Walsh to accurately evaluate her financial status including her net worth, estate planning needs, life insurance needs, if any, and provide her with legal, financial, and estate planning advice.

19. Mrs. Soper trusted and reasonably expected Tim Walsh to provide her with legal assistance and advice that was in her best interests.
20. In approximately 2004, Tim Walsh recommended and drafted documents for the Karen Soper Trust dated June 3, 2004.
21. Tim Walsh recommended that Karen Soper lump all of the cash values from her children's existing life insurance policies into an annuity. Karen took Tim Walsh's investment advice and allowed Tim Walsh to proceed as he recommended.
22. Tim Walsh then recommended that Karen Soper obtain five million dollars (\$5,000,000.00) in life insurance.
23. Walsh set up another trust called the Soper Family Childrens' Trust dated June 29, 2004 in which Walsh was the trustee. On January 17, 2007, Walsh set up the Soper Business Interest Trust to replace the Soper Family Childrens' Trust.
24. Tim Walsh had Karen Soper sign a blank financial statement on June 29, 2004 and completed the financial statement for her based on the documents and information he obtained, reviewed and analyzed.
25. On July 1, 2004, Tim Walsh filled out the financial statement for Karen Soper.
26. In approximately June or July of 2004, Tim Walsh had Karen Soper sign a blank and undated application for American National life insurance. Tim Walsh completed the remainder of the application.
27. In approximately June or July of 2004, Tim Walsh caused an application to be submitted to American National (ANICO) for a five million dollar (\$5,000,000.00) face life insurance policy on the life of Karen Soper.
28. Walsh arranged for the owner and beneficiary of the ANICO insurance policy to be the Soper Family Children's' Trust. As the trustee of that trust, Tim Walsh would and did receive all notices and other information from ANICO about the value, premium amounts, due dates for premium payments, and notices, including lapse notices.
29. On August 14, 2008, ANICO issued a life insurance policy in the amount of five million (\$5,000,000.00) dollars on the life of Karen Soper. Tim Walsh was identified as the Owner and Premium Payer for this policy.
30. Tim Walsh received all notices and correspondence regarding the ANICO policy including notices regarding the dates and amounts of premiums payments due.
31. Following receipt of the notices, Tim Walsh would prepare and send out correspondence to Karen Soper, among others, regarding any action required by Karen Soper, including any payments needed for the ANICO life insurance policy.
32. Karen Soper followed all instructions given to her by Tim Walsh and complied with all requests made by Walsh regarding any actions required by Karen Soper to keep the ANICO insurance policy in full force and effect.

### **Life Settlements**

33. Life settlements, also called "viatical settlements," gained popularity in the 1980s due to the AIDS epidemic. Essentially, investors were willing to purchase a life insurance policy from someone with a terminal illness for an amount significantly less than the face amount of the policy. After the purchase, the investor would continue to make the premiums payments due to the insurance carrier and hope that death would occur before the amount of premium payments exceeded the face amount of the policy and the amount that the investor paid for it.
34. The selling of life insurance policies on the secondary market is sometimes referred to as a "life settlement."

35. When a person or entity other than the insured that lacks an insurable interest initiates a life insurance application, it is known as a “STOLI” transaction. STOLI stands for Stranger Originated Life Insurance.
36. According to the Illinois Department of Financial and Professional Regulation, in a STOLI arrangement, an investor group—strangers—initiate the insured’s application and will likely acquire an interest in the life (and possibly profit from the death) of a participant.
37. According to the Illinois Department of Financial and Professional Regulation. STOLI arrangements are also referred to as “zero premium life insurance,” “estate maximization plans,” “no costs to the insured plans,” or non-recourse premium finance transactions.”
38. Unbeknownst to the **elderly** persons, as soon as the life insurance policies are put into force, hundreds of thousands of dollars in commissions are paid out to the insurance agents, wholesalers, distributors, and other individuals.
39. The life settlement scheme in this case was memorialized in document titled “Executive Summary: Non-Recourse Premium Finance with a Life Settlement Transaction.” This document is written on M Group Financial letterhead and is believed to have been authored by Justin Meyers, who acted as the writing agent for one of the policies involved in this scheme.
40. As explained by M Group Financial, representations are made to the **elderly** persons that “[t]here is not cost, obligation, liability or recourse to the client.”
41. As explained by M Group Financial, representations are made to the **elderly** persons that “[a]lthough with our non-recourse premium finance program no money is required from the client, the client must take and pass a life insurance medical examination.”
42. As explained by M Group Financial, representations are made to the **elderly** persons that “the loan is non-recourse and as a result, the major risks are assumed by the lender and not the insured.”
43. These life settlements involved the participation of what Tim Walsh referred to as “preferred lenders that our office deals with.”
44. The “preferred lenders” involved in these life settlements are American Chartered Bank and STC Capital Bank.
45. Representatives of STC Capital Bank, including but not limited to Kevin Hull, met with Rob Trumpy no later than the winter of 2007 to discuss and agree on this life settlement scheme.
46. Trumpy explained to Hull and STC Capital Bank how STC could become involved and profit by loaning funds for life settlements.
47. Trumpy explained to Hull that such policies were most valuable and saleable after the two year contestability period—the period of time during which the life insurance company could rescind the policy if it found out about the life settlement scheme.
48. Trumpy explained to Hull that if the policies could be sold before the two year contestability period, they would be less marketable and less valuable.
49. Hull on behalf of STC Capital Bank entered into an agreement with Trumpy that STC Capital Bank would join the life settlement scheme.

50. By no later than November of 2007, one or more the members of the enterprise agreed that Trumpy and/or Arbor were to receive a loan origination fee of 1% for one or more of the life settlement transactions.

51. Hull agreed with Trumpy and/or DRI and/or Walsh that he and STC would issue loans for life settlements that would only require the payment of interest.

52. A central feature of this life settlement scheme was gaining the trust and confidence of the **elderly** persons and their family members.

53. At all times relevant to this complaint, the slogan of STC Capital Bank was "Service. Trust. Commitment." STC advertised and continues to hold itself out to the public and to prospective and current customers by use of this slogan on its website, on its letterhead, and on other documents that are sent to prospective and current customers.

54. STC Capital Bank's own website states as follows:

At STC Capital Bank, our focus is on you and earning your trust. We are committed to building and fostering a relationship that will result in accomplishing... and hopefully exceeding... your financial goals - whether you're a business looking to grow or a family or individual looking to prosper.

55. According to the Chief Financial Officer of STC Capital Bank, Thomas Spoden, STC Capital Bank intends to earn the trust of its customers and clients.

56. STC Capital Bank sent marketing materials to one or more of the **elderly** persons targeted in this scheme that stated the following: "Service, Trust and Commitment are what STC Capital Bank stands for."

57. STC Capital Bank sent marketing materials to one or more of the **elderly** persons targeted in this scheme that stated the following:

"ALL OF US AT STC CAPITAL BANK PROMISE TO DELIVER A LEVEL OF SERVICE THAT EXCEEDS ANY YOU HAVE EXPERIENCED; TO ESTABLISH A RELATIONSHIP BUILT ON TRUST YOU NEVER THOUGHT POSSIBLE FROM YOUR BANK; AND TO BE STEADFAST IN OUR COMMITMENT TO YOUR LONG-TERM FINANCIAL SUCCESS. YOU DESERVE NOTHING LESS."

58. By its own admissions and by its own actions and omissions, STC Capital Bank fully intended and expected the **elderly** persons targeted by this life settlement scheme, including the plaintiffs in this case, to place their trust in it.

59. American Chartered Bank agreed to participate in this life settlement scheme based on an agreement reached between its loan officer, Patrick Sacor, and a person named Joe Camainoe. Sacor and Joe Camaioni knew each other from high school.

60. Sacor initially agreed to issue a loan for millions of dollars life insurance on the life of Giovanni Camaione. an immigrant, tailor by profession, and a man of modest means.

61. In order to process this loan, Sacor accepted a financial statement for Giovanni Camaine that he knew or should have known was overstated by millions of dollars.

62. Sacor participated in multiple other meetings and/or transactions in which he knew or should of known that he was issuing or attempting to issue loans that were being used for life settlement and/or STOLI transactions. These other instances include, but are not limited to life settlements involving Peter Irwin. Karen Soper, Lillian Krillich, Mrs. Walsh, and Mr. Emerson.

63. At all times relevant to this complaint, American Chartered Bank advertised and continues to hold itself out to the public as a bank that can be trusted. American Chartered Bank's own website states as follows:

“Whether you are a business owner or a neighbor who is looking for a banking relationship with someone you can trust and will treat you with respect, American Chartered delivers “Best in Class” service that will exceed your expectations.”

64. American Chartered Bank also tells current and prospective customers to “Get the service you deserve from people you trust.”

65. According to American Chartered Bank, “We believe that having a relationship with a trusted banker is what business banking is all about. So do our clients.”

66. American Chartered Bank advertises itself as being “Trusted Advisors.”

67. By its own admissions and by its own actions and omissions, American Chartered Bank fully intended and expected the **elderly** persons that were solicited to participate in this life settlement scheme, including the plaintiffs in this case, to place their trust in it.

68. As explained by M. Group Financial, representations are made to the **elderly** people targeted by this scheme that “THESE PREMIUMS WILL BE PAID BY THE INVESTOR, NOT YOU.”

69. Every defendant in this case possessed a level of education, training, experience and sophistication far superior to any of the **elderly** persons targeted by this scheme, including Karen Soper.

70. As explained by M Group Financial, “the world's largest financial institutions use sophisticated computer models which show them how they can profit by purchasing the insurance capacities of people like you.”

71. This life settlement scheme is further explained in another document titled Newco Group Business Plan, which was created by Rob Trumpy.

72. The Business Plan claims to be for an entity called “Life Settlement Finance Group (“Newco Group”).

73. The business plan identifies Tim Walsh as the President and states that his role will be, inter alia, to create and manage new alliances with life planning firms.

74. The business plan identifies Rob Trumpy as the COO/CFO, and states that his role will be, inter alia, to run the administrative, financial, and settlement aspects of Newco with oversight provided by Walsh and other directors.

75. The Business Plan identifies Rob Trumpy as a “CPA.” However, the Illinois Department of Professional Regulations does not list Rob Trumpy as a CPA.

76. The Business Plan contains an entire section on how Walsh and Trumpy were to deal with the “Financing of Life Insurance Policies through the Sale of the Policy.”

77. As explained by Walsh and Trumpy, “Newco will maintain “practical control” over the policy but will never have a formal assignment with the policy carrier.

78. As explained by Walsh and Trumpy, “[t]his venture has the knowledgeable management, the market access, comprehensive and operating structure to achieve very attractive returns with low/mitigated risks.

79. As explained by Walsh and Trumpy, “[g]iven the pipeline of master general agents associated with the owners, quality case volume should not be a major concern.”

80. A “master general agent” is an entity that asks as a distributor for life insurance products for life insurance companies. A master general agent essentially acts as a middle man between life insurance companies and insurance agents.

81. One of the master general agents used by Walsh and Trumpy was Distributor Resources, Inc. Distributor Resources, Inc. is an entity owned by an individual named Michael “Mick” Brdecka.

82. According to Walsh, by May 18, 2009, there were 37 policies under the ownership of his company with a cumulative death face amount of 197 Million Dollars.

83. Investigation thus far indicates approximately 17 instances where this life settlement scheme was employed by the defendants involved in this case. Every life insurance policy insured the life of a person considered to be **elderly**.

84. Under the **Elder Abuse** and Neglect Act, **abuse** means causing any physical, mental, or sexual injury to an eligible adult, including exploitation of such adult's financial resources.

85. According to the Illinois Department on Aging, financial exploitation means the misuse or withholding of an older adult's resources by another, to the disadvantage of the **elderly** person, or the profit or advantage of someone else.

86. Bankers and Seniors Against Financial Exploitation (B\*SAFE) is a partnership that helps train bank personnel how to detect, prevent, and report financial exploitation. The program is supported by the Community Bankers Association of Illinois of which both STC Capital Bank and American Chartered are members.

#### **Life Settlement Involving American Chartered Bank & ING**

87. In approximately February or March of 2007, Karen Soper met with Tim Walsh at his office in Palatine, Cook County, Illinois.

88. Tim Walsh recommended that Karen Soper participate in a life settlement to pay for the ANICO life insurance premiums.

89. Walsh explained that a Life Settlement involved taking out a life insurance policy, obtaining a loan to pay for the premiums, and then selling the policy in two years' time on the “secondary market.”

90. Tim Walsh and others were attempting to build “tranche” of life insurance policies that could be sold to buyers in bulk. The “tranche” scheme is more fully set forth in a plan authored by Tim Walsh and/or Rob Trumpy and/or other persons currently unknown to plaintiff.

91. Tim Walsh advised Karen Soper that she should allow him to arrange a life settlement. To further assure Karen Soper, Tim Walsh told Karen Soper that Tim Walsh's own mother was participating in a life settlement transaction.

92. Tim Walsh advised Karen Soper that he would obtain a loan.

93. Walsh assured Karen Walsh that the life settlement plan would make a 14% to 16% return and assured Karen Soper that the policy would be sold in two years.



94. Walsh had a duty to investigate the feasibility of a life settlement transaction as well as the suitability of a life settlement plan for Mrs. Soper.

95. Walsh had a duty to fully inform Mrs. Soper of the risks associated in participating in a life settlement transaction and obtain Mrs. Soper's informed consent before allowing her to proceed in a life settlement transaction.

96. Walsh also had a duty to advise Mrs. Soper of any persons or entities involved in the proposed life settlement transaction that had a vested financial interest.

97. Walsh did not reasonably or adequately discuss with Mrs. Soper the risks associated with a life settlement and did not advise her of any potential conflicts of interest.

98. On March 17, 2007, Tim Walsh set up the Soper Special Trust. Walsh named himself as the Trustee and gave himself exclusive direction and control over trust investments.

99. Tim Walsh advised Mrs. Soper that the life settlement scheme he was recommending was legal, suitable, feasible, appropriate, and in her best interests.

100. The recommendations made by Walsh are memorialized in a life settlement brochure authored by M Group Financial, L.L.C., which was kept in the law office of Tim Walsh in the Karen Soper file.

101. Consistent with the claims made by Tim Walsh, this M Group Financial document claims that "There is not cost, obligation, liability or recourse to the client."

102. The M Group Financial document also goes on to claim that "the major risks are assumed by the lender and not the insured." In fact, the document describes a "joint venture" between banks and prospective insureds.

103. Because Tim Walsh had already assisted Mrs. Soper in procuring five million (\$5,000,000.00) dollars in life insurance in 2005, he knew her net worth and knew or should have known that she did not need any additional life insurance and/or that a life settlement was not suitable, feasible or appropriate for her.

104. Tim Walsh made arrangements for his wife, Jill Walsh, to act as the insurance agent who would write and submit the application for life insurance.

105. Tim Walsh did not discuss with Karen Soper the actual or potential conflict of interest due to the commissions that would be earned by his wife for the placement of the life insurance policy.

106. On March 17, 2007, Karen Soper signed an application for ING that was blank, except for the name of the agent, the name of the trustee, and the amount of insurance (\$10,000,000.00).

107. Jill Walsh was listed as the agent and Tim Walsh was listed as the Policy Owner and Trustee on the life insurance application.

108. On March 13, 2007, Tim Walsh established the "Soper Special Trust" to be the Owner and beneficiary of the life insurance policy. Tim Walsh made himself the trustee.

109. On approximately March 21, 2007, Brdecka and/or Tim Walsh and/or Jill Walsh, submitted an application to Security Life of Denver Insurance Company and/or ING Insurance Services, Inc., (collectively "ING").



110. The application submitted by Jill Walsh was inaccurate in that it stated that the insured was “considering discontinuing making premium payments, surrendering, forfeiting, assigning to the insurer, or otherwise terminating” the ANICO insurance policy.

111. Jill Walsh also signed an Agent's Report that incorrectly stated that she met with the insured personally and incorrectly stating that she knew the proposed insured for 7 years. Plaintiff Karen Soper has never met Jill Walsh.

112. Unbeknownst to Karen Soper, one or more employees at ING and/or Security Life of Denver knew or should of known that the policy issued on the life of Karen Soper was part of a STOLI life settlement transaction, but approved the issuance of that policy in order to realize commissions, incentives, and other compensation.

113. In particular, in approximately 2006, Craig Umphress, a regional vice president for ING conducted a seminar, which was attended by numerous agent and distributors, including Distributor Resources, Inc.

114. The purpose of this seminar was to introduce the life settlement industry using ING products. Umphress explained how to make life insurance sales through the ING's “side door.” Umphress trained the attendees on how to prepare applications for life insurance to that they would be accepted by ING.

115. In the fall of 2006, Umphress also visited the offices of Distributor Resources, Inc. and trained its staff on all phases of the ING policy processing.

116. Umphress taught the Distributor Resources, Inc, staff on how to write applications that would avoid creating any red flags so that they would be approved by ING.

117. Umphress had a vested interest in getting policies issued in that he was paid commissions (“override”) for the sale of life insurance policies.

118. In addition to issuing new policies, Umphress would encourage and participate in the sale of existing life insurance policies. Umphress did so by recruiting outside brokers that had no relationship to Distributor Resources, Inc. that had access to existing life insurance policies, including ING policies.

119. Umphress would bring the life insurance portfolio to Distributor Resource, Inc. and Arbor Premium Finance for pricing. Arbor Premium Financing, Inc. would also conduct financial analysis and bring the policies to the life settlement secondary market for sale.

120. Umphress would then bring the life insurance portfolio to Timothy J. Walsh and his law offices to create any necessary trusts and execute life insurance settlement closings.

121. Umphress demanded payment if a policy, including ING policies, were settled.

122. Umphress was paid by Distributor Resources, Inc. \$25,000 for a policy issued on the life of Daniel Hidding. This policy was referred to Umphress by Bill McCann, a Cleveland-area ING employee.

123. Umphress was also paid by Arbor Premium Finance for a policy issued on the life of Peter M. Cinquegrani.

124. Umphress directed that those check be made payable to an entity called Big Block Consulting Group, Inc. Umphress is listed as the president of this Illinois corporation.

125. The first application that Umphress facilitated was a life settlement on the life of Giovanni Camaioni. Umphress assisted with the life insurance, financing, and legal aspects.

126. Umphress knew that this was for an ING life insurance policy and that the financing for this life settlement transaction was done by American Chartered Bank and their loan officer, Patrick Sacor.

127. Based on his knowledge, familiarity, sophistication with the life settlement and life insurance industry, Walsh knew or should of known that Umphress had a vested interest in getting policies issued, including one to Karen Soper, that was not in the bests interests of Mrs. Soper.

128. Tim Walsh recommended to and convinced Karen Soper to sign documents that would purport to create a mortgage on her home.

129. Walsh did not adequately and reasonable discuss with Mrs. Soper or advise Mrs. Soper of the true risks associated with signing the mortgage documents, which were fundamentally different than were represented to her by Walsh when he recommended the life settlement transaction.

130. Tim Walsh had a preexisting personal and/or business relationship with American Chartered Bank due to his personal relationships with one or more employees of American Chartered Bank, and/or due bank accounts established with this institution, and/or due to accounts with this institution established by entities that Walsh owned and/or controlled and/or due to prior loans that Walsh had originated or otherwise arranged through American Chartered Bank.

131. Prior to May 30, 2007, Patrick Sacor had one or more meetings with Brdecka and/or Walsh to discuss the issuance of loans for use in life settlement transactions.

132. Tim Walsh maintained wire transfer instructions for Distributor Resources, Inc.'s American Chartered bank account in the Karen Soper file. Walsh had a duty to not comingle funds belonging to Karen Soper or one of the trusts set up at her request with any other persons or entities, including, but not limited to Distributor Resources, Inc.

133. Karen Soper did not solicit American Chartered Bank and rather was solicited by American Chartered Bank through Walsh.

134. On May 30, 2007, Tim Walsh arranged for a loan application to be submitted to American Chartered Bank.

135. Walsh and/or an employee or agent of American Chartered indicated on the application that the purpose of this loan was "Personal Expenses."

136. On June 4, 2007, Tim Walsh set up an entity called SK Barrington Advisors, LLC, an Illinois limited liability company in which Walsh designated himself as the managing member and Karen Soper as the other member.

137. On June 18, 2007, Tim Walsh caused a mortgage to be made by Karen Soper, as Trustee of the Karen Soper Trust dated June 3, 2004. Tim Walsh caused this Mortgage to be placed on the home of Karen Soper. A copy of this Mortgage is attached hereto as "**Exhibit A1.**"

138. At the time, Karen Soper owned her home free of any mortgages or liens.

139. On June 18, 2007, Walsh arranged for SK Barrington Advisors, LLC to be the purported borrower for a loan from American Chartered. A copy of the purported Promissory Note is attached hereto as "**Exhibit A2.**" Tim Walsh also arranged for the Soper Family Trust, the Karen Soper Trust, the Karen Soper Special Trust, and Karen Soper to all be purported guarantors of the

Promissory Note made by his limited liability company. Copies of the purported guarantees are attached hereto as **“Exhibit A3”** and **“Exhibit A4.”**

140. Although American Chartered made Mrs. Soper sign an application for a loan for “Personal Expenses,” it drafted commercial documents and attempted to establish a commercial loan in order to avoid consumer protection laws.

141. Mrs. Soper was never given any opportunity to negotiate and revise these documents. Rather, she was simply made to sign these documents by persons she trusted and reasonably believed were acting in her best interests.

142. On June 18, 2007, American Chartered issued \$515,000 to SK Barrington Advisors, the Illinois limited liability company that Tim Walsh set up with himself as the managing member.

143. Upon information and belief, American Chartered Bank transferred these funds to a bank account owned and controlled by Tim Walsh.

144. The purpose of this loan was to fund the life insurance policy premiums for estate planning purposes. This loan was for family, personal, and household use.

145. Sacor and American Chartered knew or should have known that purpose of this loan was to fund the life insurance policy premiums for estate planning purposes and that this loan was for family, personal, and household use.

146. On June 21, 2007, Security Life of Denver Insurance Company issued two life insurance policies naming Karen Soper as a named insured. These policies were policy nos. 1618365 and 1621643. These policies each a benefit of five million dollars (\$5,000,000.00) and provided a total of ten million dollars (\$10,000,000.00) of life insurance coverage naming Karen Soper as a named insured. Copies of the policies are attached as **“Exhibit B”** (policy ending in 365) and **“Exhibit C”** (policy ending in 643).

147. On June 22, 2007 Walsh established or attempted to establish an equity line of credit in the amount of \$175,000 using the home of Karen Soper as collateral. A copy of the Home Equity Line of Credit Agreement and Disclosure Statement is attached hereto as **“Exhibit D.”**

148. The purpose of this line of credit was to fund the life insurance policy premiums for estate planning purposes. This loan was for family, personal and household use.

149. Unbeknownst to Karen Soper, American Chartered Bank earned income at least in the amount of \$350 for establishing this line of credit.

150. Unbeknownst to Karen Soper, the premiums on the two ING policies were approximately \$250,000 per year for each policy.

151. Walsh failed to discuss or advise Mrs. Soper on the risks associated with having to pay premiums for this insurance policy after the money he obtained from American Chartered had been exhausted.

152. Tim Walsh failed to adequately investigate the legal consequences and risks associated with obtaining life insurance on Mrs. Soper in amounts that exceeded her net worth.

153. Tim Walsh failed to discuss and advise Mrs. Soper of the legal consequences and risks associated with obtaining life insurance on Mrs. Soper in amounts that exceeded her net worth.

154. Tim Walsh failed to consult with an appropriate person, or recommend that Mrs. Walsh consult with an appropriate person who could adequately assess and advise her regarding the life settlement transaction.

155. Tim Walsh recommended and advised Mrs. Soper that the two ING policies were necessary because they could be sold to generate proceeds sufficient to make the premium payments on the preexisting life insurance policy from ANICO.

156. Although he had arranged for one or more loans to finance the premiums, on July 10, 2007, Tim Walsh submitted another document to ING indicating that no portion of the premium would be financed. (See Exhibit B, p. 1833 and Exhibit C. p. 1874).

157. American Chartered Bank had the original and/or a copy of the policy, application, and representation that “no portion of the premium will be financed.”

158. Representations to ING that “no portion of the premium will be financed” are considered by ING to be a material representation that would serve as a basis for rescission of the policy.

159. Contrary to the representations made to ING, American Chartered Bank financed the premiums for these life insurance policies and others.

160. By its receipt of the policy, and by its continued participation in the scheme, American Chartered Bank adopted the representations and misrepresentations made by Walsh to the ING and knowingly participated in a life settlement scheme that involved the procurement of insurance based on materially false representations.

161. Sacor and American Chartered Bank knew that they were participating in a STOLI transaction but failed to inform ING or Security Life of Denver.

162. On June 18, 2008, June 18, 2009, September 18, 2009, and March 18, 2010, SK Barrington Advisors, L.L.C., by Timothy Walsh, managing member, executed “Change In Terms Agreement[s].” These agreements, copies of which are attached as Exhibits A5, A6, A7 and A8 respectively, changed the payment date and the amount of the original indebtedness under loan 594042701.

163. On the June 18, 2008 change in terms agreement (Exhibit A5), SK Barrington Advisors, L.L.C. (and the guarantors of the loan Karen Soper Trust Dated June 3, 2004 and Soper Family Trust Dated June 4, 2007) became obligated to pay the entire amount of indebtedness, plus interest, on June 18, 2009.

164. The guarantors, Karen Soper Trust Dated June 3, 2004 and Soper Family Trust Dated June 4, 2007, never assented to or agreed to the changes in terms. The change in terms agreement executed on June 18, 2007 materially and greatly increased the amount of risk held by the guarantors/sureties.

165. On June 18, 2009, American Chartered and SK Barrington Advisors, through managing member Timothy Walsh executed another Change in Term Agreement.

166. On the June 18, 2009 change in terms agreement (**Exhibit A6**), SK Barrington Advisors, L.L.C. (and the guarantors of the loan, Karen Soper Trust Dated June 3, 2004 and Soper Family Trust Dated June 4, 2007) became obligated to pay the entire amount of indebtedness, plus interest, on September 18, 2009.

167. The guarantors, Karen Soper Trust Dated June 3, 2004 and Soper Family Trust Dated June 4, 2007, never assented to or agreed to the changes in terms. The change in terms agreement executed on June 18, 2009 materially and greatly increased the amount of risk held by the guarantors/sureties.

168. On September 18, 2009, American Chartered Bank and SK Barrington Advisors, through managing member Timothy Walsh, executed another Change in Terms Agreement.

169. On the September 18, 2009 changes in terms agreement (Exhibit A7), SK Barrington Advisors, L.L.C. (and the guarantors of the loan, Karen Soper Trust Dated June 3, 2004 and Soper Family Trust Dated June 4, 2007) became obligated to pay \$511,747.22 on October 18, 2009.

170. The guarantors, Karen Soper Trust Dated June 3, 2004 and Soper Family Trust Dated June 4, 2007, never assented to or agreed to in the changes in terms. The change in terms agreement executed on September 18, 2009 materially and greatly increased the amount of risk held by the guarantors/sureties.

171. On March 18, 2010, American Chartered Bank and SK Barrington Advisors, through managing member Timothy Walsh, executed another Change in Terms agreement.

172. On the March 18, 2010 changes in terms agreement (Exhibit A8), SK Barrington Advisors, L.L.C. (and the guarantors of the loan, Karen Soper Trust Dated June 4, 2007 and Soper Family Trust Dated June 3, 2004) became obligated to pay \$507,013.99 on April 18, 2010.

173. The guarantors, Karen Soper Trust Dated June 3, 2004 and Soper Family Trust Dated June 4, 2007, never assented to or agreed to the changes in terms. The change in terms agreement executed March 18, 2010 materially and greatly increased the amount of risk held by the guarantors/sureties.

174. When American Chartered and Timothy Walsh, acting as managing member of SK Barrington Advisors, L.L.C. entered into the changes in terms agreements (Exhibits A5 through A8), they knew or should have known that the life insurance policies purchased had no value or a diminished value on the secondary market and were unlikely to be sold to repay loan 594042701, as Plaintiffs had been told.

175. That the policies could never be sold, and that the changes in terms agreement materially and greatly increased the amount of risk held by the guarantors, Soper Family Trust Dated June 4, 2007 and Karen Soper Trust Dated June 4, 2007, were materially facts known by American Chartered Bank and unknown to Plaintiffs.

176. Prior to Mrs. Soper and/or SK Barrington Advisors signing each of the documents attached as Exhibits A5 through A8, American Chartered Bank possessed more and more information about the life settlement scheme based on their wide spread participation as alleged throughout this complaint. However, at no time did American Chartered Bank provide Mrs. Soper, Soper Family Trust Dated June 4, 2007, and/or Karen Soper Trust Dated June 4, 2007 with any of the knowledge or information that it had acquired. At no time prior to the signing of any of these documents did American Chartered Bank disclose to Mrs. Soper, the Soper Family Trust Dated June 4, 2007, and/or Karen Soper Trust Dated June 4, 2007 the many conflicts of interest that had arisen because of the business and personal relationships it had with the various persons and entities involved in the life settlement scheme.

177. Walsh failed to adequately and reasonably discuss with and advise Mrs. Soper regarding the legal consequences of signing each of the above mentioned change in terms agreements.

178. Walsh failed to adequately investigate any material changes in the feasibility or suitability of the life settlement transaction and failed to fully and adequately discuss those changes with Mrs. Soper.

***Life Settlement Involving Hartford / STC Capital Bank***

179. In late 2007, and an individual named Rob Trumpy of Arbor Premium Finance began exploring financing for the purchase of another life insurance policy for a life settlement.

180. According to Brdecka, this policy would be able to be sold in two years because Brdecka and Tim Walsh were building a “tranche” of life insurance policies that could be sold to buyers in bulk. The “tranche” scheme is more fully set forth in a Newco Business plan authored by Tim Walsh and/or Rob Trumpy and/or other persons currently unknown to Plaintiffs.

181. Per the directive of Brdecka, on or before October 2, 2007, Karen Soper signed a blank application for Hartford life insurance. Brdecka indicated that Brdecka and Walsh would complete the remainder of the application for Karen Soper.

182. Michael Brdecka's assistant, Joann Algozine, then prepared out the remainder of the application.

183. Mrs. Soper trusted that Brdecka and Walsh would accurately complete the application using all of the information and documents that she had provided to them.

184. Brdecka, Tim Walsh and Jill Walsh then submitted the application to Hartford Insurance Company and/or one of its subsidiaries or affiliated companies.

185. The application submitted by Brdecka, Tim Walsh and Jill Walsh was inaccurate in that it denied that the “proposed Policy owner or Insured [was] considering assigning or transferring rights or interest in this policy now or in the future, including ownership or beneficiary interests, to an unrelated party such as (but not limited to) a life settlement, viatical, bank and/or lending or investment company.”

186. The application submitted by Brdecka, Tim Walsh and Jill Walsh was also inaccurate in that it did not identify that Karen Soper had coverage under the existing ANICO life insurance policy.

187. At some time prior to December 6, 2007, Brdecka told David Soper to talk to Rob Trumpy and to disclose to Rob Trumpy financial information about Karen Soper.

188. Brdecka told David Soper that Trumpy was a CPA.

189. At some time prior to December 6, 2007, David Soper met with Rob Trumpy at Trumpy's office at McDowell Road in Naperville, Illinois. Per the directive of Brdecka, David Soper gave Trumpy his mother's financial information.

190. On December 6, 2007, Walsh wrote a letter to Hartford indicating the net worth of Karen Soper to be 8.2 million dollars.

191. Following the submission of the application and financial information, Hartford requested a phone interview to verify the accuracy of the information submitted by Tim Walsh, Jill Walsh, and Brdecka.

192. Tim Walsh directed Mrs. Soper to come to his office for the phone interview. Tim Walsh and Karen Soper were the only persons present in Walsh's law office when the interview was conducted.

193. Tim Walsh assisted Karen Soper during the interview and gave her advice on how to answer the questions that included, but were not limited to, those regarding the income and net worth of Mrs. Soper.

194. Mrs. Soper trusted that the advice instructions given to her by Tim Walsh were accurate based on the information and documents previously given to or otherwise available to Tim Walsh.

195. After the phone interview, Walsh assured Karen Soper that it was appropriate for him to assist her during the phone interview.

196. On December 27, 2007, Tim Walsh, Brdecka, or Rob Trumpy called Kevin Hull at STC Capital Bank requesting that STC Capital Bank provide money for use in a life settlement scheme and specifically to pay life insurance premiums.

197. Hull and STC Capital Bank knew that the loan requested by Walsh, Brdecka and Trumpy was for use in a life settlement scheme.

198. Hull, Woeffier, Tim Walsh, Brdecka and Trumpy had previously had one or more meetings where they discussed and agreed on how to execute a life settlement scheme. The contents of these meetings were never shared with any of the **elderly** persons that would be made to sign the various insurance and loan documents.

199. Hull indicated on the loan application (that he completed over the phone with Trumpy, Tim Walsh, and/or Brdecka), that the purpose of the loan was to finance life insurance premiums.

200. Hull and STC Capital Bank had one or more meetings and conversations with Brdecka, Walsh, and/or Rob Trumpy wherein STC Capital Bank was made fully aware of the life settlement scheme and wherein STC Capital Bank knowingly and willingly agreed to participate and assist Walsh, Trumpy, Brdecka and others by accepting false information and documents during the issuance of loans.

201. Hull and STC Capital Bank had an existing business relationship with Trumpy, Tim Walsh, Brdecka, Distributor Resources, Inc., Clayton Advisor Group, and others wherein they participated in life settlement deals involving **elderly** persons.

202. Hull and STC Capital Bank knew, based on its prior meetings and other dealings with Trumpy, Walsh, and others, that life insurance companies specifically request that bank financing and/or a contemplated sale of a life insurance policy be specifically disclosed in the life insurance application.

203. Hull and STC Capital Bank knew, or in the exercise of reasonable care, should have known that they were issuing a loan that was illegal in that paying for the life insurance premiums with a loan was completely contrary to the expressed representations made by Tim Walsh, Trumpy and Brdecka to the life insurance company, all of which were known to STC Capital Bank no later than the time that they received the life insurance application.

204. On January 4, 2008, Karen Soper went to the law office of Tim Walsh for the purpose of signing loan documents.

205. When Karen and David arrived at the law office of Tim Walsh, already present were an individual who identified himself as Kevin Hull and another individual who identified himself as Rob Trumpy.

.ppaaprrmeetings with Walsh, Brdecka, Trumpy, Distributor Resources, Inc., Clayton Advisors, and others regarding life settlement schemes.

207. Hull did not disclose to Karen Soper that he and STC Capital Bank had or was in the process of participating in other life settlement deals involving Tim Walsh, Brdecka, Trumpy and others.

208. Hull did not disclose to Karen Soper that he and his lending institution were willing to accept documents from Walsh, Brdecka and Trumpy, that Hull and STC knew to be fraudulent in order to issue loans.



209. Hull did not disclose to Karen Soper that STC had an existing business relationship with Tim Walsh, Brdecka, Trumpy and others and an active arrangement and agreement for STC to lend money for the Life Settlement investment scheme pitched by Brdecka and Tim Walsh.

210. Hull is compensated by STC in part based on the number and/or amount of loans he is able to convince people to enter into.

211. As of the filing of this lawsuit, STC Capital Bank has made no effort to disclose to Karen Soper, or other persons who have been victimized by the life settlement scheme in which STC Capital Bank participated, of its secret meetings and affiliations with Brdecka, Tim Walsh, Trumpy and others. Rather, STC continues to attempt to induce Karen Soper to turn over more money for use in the life settlement investment scheme.

212. At the meeting at the law office of Tim Walsh, Karen Soper was made to sign documents which she was told was paperwork for a loan to pay the premiums on the Hartford policy. The documents are attached hereto as **“EXHIBITS E1 and E2.”**

213. Prior to Mrs. Soper and/or the Karen Soper Trust dated June 3, 2004 signing each of the documents identified in the preceding allegation, STC Capital Bank possessed more and more information about the life settlement scheme based on their wide spread participation as alleged throughout this complaint. However, at no time did STC Capital Bank provide Mrs. Soper and/or the Karen Soper Trust dated June 3, 2004 with any of the knowledge or information that it had acquired nor did it disclose to Mrs. Soper and/or the Karen Soper Trust dated June 3, 2004 the many conflicts of interest that had arisen because of the business and personal relationships it had with the various persons and entities involved in the life settlement scheme.

214. The purpose of this loan was to “finance life insurance premiums” for estate planning purposes. This loan was a consumer loan for family, personal and household use.

215. Mrs. Soper was never given any opportunity to examine these documents, was not given any time to review these documents, and had no opportunity to negotiate and revise these documents. Rather, she was simply made to sign numerous pages of finely printed documents by persons she reasonably believed were her trusted advisors and were protecting her best interests.

216. In January 2008, STC Capital Bank transferred \$324,000 to Tim Walsh's IOLTA Account at American Chartered Bank.

217. Brdecka and Tim Walsh designated Jill Walsh, the wife of Tim Walsh, as the agent for the Hartford Life Insurance application. As agent, Jill Walsh would have received substantial commissions, believed to be approximately equal to the first year premium payments made on the policy.

218. Karen Soper had never met Jill Walsh at any time prior to the procurement of this life insurance policy.

219. Hartford issued a policy on January 12, 2008 in the amount of eight million (\$8,000,000.00) dollars.

220. The producer of this policy is Distributor Resources, Inc., the company owned and controlled by Brdecka. The agent for this transaction was Jill Walsh, the wife of Tim Walsh.

221. On March 27, 2008, Tim Walsh, Trumpy and STC Capital Bank attempted to put in place another loan to be issued by STC Capital Bank, this time for \$400,000. Walsh and Trumpy caused Karen Soper to sign a Consumer Loan Agreement using her retirement investment accounts as security. The Consumer Loan Agreement and numerous other documents believed to have been created by STC Capital Bank are attached hereto as **Exhibits “F1 - F6.”**

222. The purpose of this loan was to fund the life insurance policy premiums and for estate planning purposes. This loan was for family, personal and household use.

223. Prior to Mrs. Soper signing each of the documents identified in the preceding allegation. STC Capital Bank possesses more and more information about the life settlement scheme based on their wide spread participation as alleged throughout this complaint. However, at no time did STC Capital Bank provide Mrs. Soper with any of the knowledge or information that it had acquired nor did it disclose to Mrs. Soper the many conflicts of interest that had arisen because of the business and personal relationships it had with the various persons and entities involved in the life settlement scheme.

224. Between June 8 of 2008 and June of 2010, Walsh, Brdecka and Trumpy continued to tell David Soper that the “traunches” were being compiled so that the policies could be sold by bundling them with other policies.

225. Between June 8 of 2008 and June of 2010, Walsh, Brdecka and Trumpy then told David Soper that they were going to be issuing a bond that was going to be backed by the life insurance policies.

226. Between June 8 of 2008 and June of 2010, Walsh, Brdecka and Trumpy represented to David Soper that they had flown to London to assemble buyers for a bond deal that would purchase the life insurance policies.

227. Walsh told David Soper, “I promise you your mom will be taken care of.”

228. Walsh told Karen Soper, at the law office of Tim Walsh, not to worry about it.

229. All of the above alleged statements and representations made by the various Defendants to David Soper were intended and expected by the respective Defendant to be conveyed by David Soper to his mother, Karen Soper.

230. In the fall of 2010, David Soper met with Brdecka in the office of Brdecka asking when the life insurance policies would be sold.

231. Brdecka again assured David Soper that the policies would be sold. Brdecka instructed David Soper to contact Tim Walsh to have Tim Walsh request “in-force illustrations” from the carriers. Brdecka told David Soper “we will get them sold.”

232. David Soper called Tim Walsh on the phone many times. Walsh never responded to David Soper's phone calls and requests regarding the “in force illustrations.”

### **Policy Lapses**

233. In August of 2009, Walsh was sued in another lawsuit filed in Cook County alleging a breach of loyalty and fiduciary duty on the part of Walsh in his capacity as a trustee in another life settlement scheme.

234. On September 20, 2010, Walsh was disciplined by the Supreme Court of Illinois resulting in a suspension from the practice of law.

235. In fall of 2010, Walsh contacted David Soper and said that he wanted to talk about making changes to the various trusts. Walsh said that his E & O insurance would not let him be trustee and that David and Karen Soper had to come in and sign documents so that an attorney named Bob Kealy could become trustee.

236. Walsh told David Soper that it would cost \$3,500 to prepare the paperwork for Bob Kealy to become trustee.

237. At no time did Walsh tell Karen Soper or David Soper that (a) he was suspended from the practice of law, (b) that Bob Kealy was affiliated with Dundee Advisors, LLC, (c) Bob Kealy had substantial financial dealings with Timothy Walsh. Mick

Brdecka, Distributor Resources, Inc., Clayton Advisory Group, and others, and that (d) Bob Kealy had substantial conflicts of interest if he became trustee of the various trusts.

238. In November of 2010, Karen Soper requested that Walsh give her access to her files including various documents and information.

239. Walsh failed to timely respond to their repeated requests for documents and information that he controlled.

240. Walsh made several promises that he would return the file materials to Karen Soper but on many occasions failed to produce their files as promised.

241. Unbeknownst to the Plaintiff, in December, 2010, Timothy Walsh allowed Plaintiff's long held ANICO policy, with a \$5,000,000.00 death benefit, to lapse. Walsh never informed Plaintiff that this policy had lapsed.

242. In January of 2011, Brdecka again assured David Soper that the ING and Hartford policies would be sold. He claimed that the reason that they had not been sold to date was because David Soper had not obtained the "in-force illustrations" from Tim Walsh.

243. In approximately January 2011, Karen Soper obtained her files from Tim Walsh.

244. After reviewing their files materials. Karen Soper discovered that Walsh had allowed all three life insurance policies to lapse.

245. Upon information and belief, in excess of one million dollars in policy premiums had been paid prior to the time Tim Walsh allowed the policies to lapse.

246. To date, Tim Walsh has not notified Karen Soper that any of the above referenced insurance policies have lapsed.

247. Karen Soper complied with every request from Walsh for money needed to keep the ANICO policy in full force and effect.

248. Walsh failed to notify Karen Soper of required due dates and amounts for premiums and/or failed to make payments to ANICO of money sent to Walsh by Karen Soper.

249. The ANICO policy had cash value and should not have been allowed to lapse.

250. The ANICO policy, was administered by STP, was no longer available for purchase in 2010, and should not have been allowed to lapse.

251. Walsh knew of should of known of the value of the ANICO policy and that it should not have been allowed to lapse.

252. Walsh failed to discuss with, advise, or obtain Karen Soper's informed consent prior to allowing the ANICO policy to lapse.

253. The ANICO policy could not be reinstated and that particular STP product is no longer offered for sale.

254. The cost to replace the lapsed ANICO policy has been substantially more than the cost of the lapsed ANICO policy and provides three million dollars less of a death benefit.

### **Foreclosures**

255. At all times relevant, both American Chartered Bank and STC Capital Bank knew or should have known that Karen Soper is a victim of **elder abuse** and/or financial exploitation under Illinois law.

256. Karen Soper never received or controlled any of the funds that STC provided to Tim Walsh. Nevertheless, on March 21, 1011, STC Capital Bank, thorough one of its agents, sent a letter to Karen Soper, demanding that she repay STC Capital Bank the over \$330,096.15 that STC Capital Bank provided to Walsh for the life settlement scheme.

257. On April, 25, 2011, American Chartered Bank initiated a foreclosure proceeding. American Chartered Bank's pleading in that case was completely devoid of its participation in these life settlement schemes and pretends to be a garden variety mortgage foreclosure case.

258. On April 28, 2011, STC Capital Bank initiated a foreclosure proceeding in an attempt to further exploit Mrs. Soper. STC Capital Bank's pleading in that case was completely devoid of its participation in these life settlement schemes and pretends to be a garden variety mortgage foreclosure case.

259. Plaintiffs, through their attorney, arranged for multiple meetings with the various defendants for the purpose of discussing returning some or all of the parties to the status quo. American Chartered Bank and STC Capital Bank have consistently refused to attend any these meetings which is not equitable and is not in good faith.

#### **Additional Participation by American Chartered Bank and STC Capital Bank**

260. On May 3, 2007, Tom Hanley formed an Illinois limited liability company called Dundee Advisors, LLC. The purpose of this limited liability corporation was to participate in life settlement schemes.

261. Until April 3, 2012 the registered agent for Dundee Advisors, LLC was an attorney named Robert Kealy. Robert Kealy shared the same office Timothy J. Walsh and has used the email address of robert.twalsh@yahoo.com.

262. On May 9, 2007, less than five (5) business days after this entity was formed, American Chartered Bank provided it with \$500,000.00 in funds.

263. On and before May 9, 2007, when American Chartered Bank issued the loan, American Chartered Bank and Brdecka knew that the money was for use in and in furtherance of life settlement schemes.

264. On December 1. 2008, Brdecka guaranteed a loan issued by Kevin Hull of STC Capital Bank for premises located at 27575 Ferry Road, Warrenville, IL used as the headquarters for Distributor Resources. Inc.

265. This location was used for meetings attended by Timothy J. Walsh, Robert Trumpy, Michael Brdecka. Kevin Hull, Patrick Sacor, and Tom Hanley, the purposes of which were the furtherance of the life settlement scheme.

#### **Other Transactions Demonstrating Knowledge and Participation in Life Settlements**

##### **Giovanni Camaioni (Age 80)**

266. Giovanni Camaioni is 80 years old and, at all times relevant, was and is considered **elderly** under every Illinois law and by every Illinois agency that defines the term "**elderly**."

267. In approximately late 2006, Giovanni Camaioni signed the blank application, which was submitted to Distributor Resources, Inc. Distributor Resources, Inc., with guidance and instruction from ING employee, Craig Umphress, filled out the

application form for Giovanni Camaioni. Umphress knew or in the exercise of reasonable care should have known Brdecka intended to sell on the secondary market.

268. Tim Walsh was the Camaioni family's estate planning attorney and recommended that Giovanni Camaioni "purchase \$3,500,000 of permanent life insurance for estate planning purposes."

269. On March 28, 2007, Tim Walsh created the Camaioni Family Trust dated March 28, 2007 and was named the trustee. This trust granted Giovanni Camaioni's life insurance policies to the trust and gave Tim Walsh broad authority to invest and administer those policies, including the authority to receive all policy and premium notices.

270. On or about April 4, 2007, ING issued a life insurance policy in the amount of \$3,000,000.00, insuring the life of Giovanni Camaioni. Designated as the writing agent for this policy is Jill Walsh, the wife of Tim Walsh.

271. As the writing agent, Jill Walsh submitted the policy to ING through Distributor Resources, Inc. As the writing agent, Jill Walsh received a substantial commission Security Life of Denver Insurance Company for the placement of this policy.

272. Patrick Sacor had a long standing personal relationship with Joseph Camaioni and, before April 4, 2007, an ongoing business relationship with Timothy J. Walsh. Patrick Sacor was approached by Timothy J. Walsh and/or Joseph Camaioni to provide premium financing for the Giovanni Camaioni ING policy.

273. Patrick Sacor was aware that the policy was meant to be sold on the secondary market and that Giovanni Camaioni's net worth had been exaggerated. Nevertheless, Patrick Sacor processed a loan for premium financing on the Giovanni Camaioni ING policy. Upon information and belief, Patrick Sacor and other agents of American Chartered Bank would have been given documents or made otherwise aware that the ING life insurance policy application for Giovanni Camaioni stated that the policy would not be premium financed and was not being issued to be sold on a secondary market.

274. On or before April 4, 2007, Walsh and/or Patrick Sacor made arrangements for a loan from American Chartered Bank to the Camaioni Family Trust dated March 28, 2007 in the amount of two hundred and twenty thousand nine hundred and ninety five dollars (\$220,995.00). The purpose of this loan was to pay life insurance premiums for estate planning purposes.

275. Giovanni Camaioni's residence, 808 Marian Way, Chicago Heights, IL was used as collateral for the loan.

276. Although Patrick Sacor knew that the loan would be used to finance the life insurance premiums, Patrick Sacor and/or other persons at American Chartered Bank drafted the loan documents to indicate that the purpose of this loan was "business related recapitalization."

277. This statement made by American Chartered Bank through its employees was false and was made in an attempt to avoid consumer protection laws and/or to facilitate American Chartered Bank's participation in this life settlement scheme.

278. After issuing the loan, Patrick Sacor and/or American Chartered demanded that American Chartered take legal and physical possession of the life insurance policy.

279. American Chartered also demanded that Brdecka and Tim Walsh arrange for the policy to be assigned to American Chartered as collateral.

280. Despite the advice, recommendations and representations made by Timothy J. Walsh, the policy was never sold and in late 2009, Walsh allowed the policy to lapse.

281. The events surrounding the Giovanni Camaioni life settlement scheme involved the same or similar transaction structure and persons and entities as the Karen Soper life settlement scheme. Specifically, those persons and entities were: Timothy J. Walsh, Jill Walsh, Patrick Sacor, American Chartered Bank, ING Security Life of Denver, Michael Brdecka, and Distributor Resources, Inc. These persons had gained substantially knowledge and were fully aware of all aspects of the life settlement scheme at the time of the Karen Soper life settlement transaction.

**Lillian Krilich (Age 82)**

282. As is more fully set forth in a lawsuit filed in Cook County, Illinois, on May 9, 2007, captioned *Sandra Krilich, et al., v. Timothy J. Walsh, et al.*, case number 09 CH 27029 in or about late 2006, Mrs. Krilich was 82 years old and was considered **elderly** under every Illinois law and by every Illinois agency that defines the term **elderly**.

283. In or about late, 2006, Lillian Krilich retained Defendant Timothy J. Walsh as an attorney for the purposes of estate planning.

284. As Mrs. Krilich's attorney, Walsh recommended the purchase of five million dollars (\$5,000,000.00) of life insurance through a policy issued by American National Insurance Company ("ANICO") and persuaded Lillian Krilich and her family to participate in a life settlement transaction by purchasing, and then selling, the ANICO policy.

285. At the time Walsh made this recommendation, Walsh knew that Mrs. Krilich had two long held life insurance policies issued by Kemper and Allianz life insurance companies. In order to finance the original premiums for the ANICO policy, Walsh directed Mrs. Krilich to borrow approximately \$141,817.00 as a loan from the Kemper and Allianz life insurance policies.

286. On or about May 29, 2007, Jill Walsh, acted as Lillian Krilich's insurance agent, and procured the five million dollar (\$5,000,000.00) ANICO policy. The master general agent for the ANICO policy was Distributor Resources, Inc.

287. Defendants Jill Walsh and Timothy J. Walsh earned substantial commissions from the placement of the ANICO policy, approximately equal to the first year premiums on the policy. This amount is believed to be approximately equal to four hundred and thirty eight thousand dollars (\$438,000.00).

288. Timothy Walsh recommended that the beneficiaries of the insurance policy be trusts that he created. Per Defendant Timothy Walsh's recommendations, Walsh prepared two irrevocable trusts, "the Family Trust dated June 19, 2007" and "the Lillian Krilich Special Trust dated June 19, 2007."

289. Timothy Walsh also created an LLC for Mrs. Krilich. On or before June 19, 2007, Timothy Walsh created an entity called KL Barrington Advisors, LLC. This entity's members were Mrs. Krilich and Tim Walsh. Walsh created all of the documentation for the LLC, and appointed himself agent, and executed all documentation on behalf of KL Barrington.

290. After creating KL Barrington Advisors, Timothy J. Walsh obtained a loan from American Chartered Bank using Mrs. Krilich's home as collateral. The purpose of this "loan" was to fund the premiums on the ANICO policy and was for estate planning purposes.

291. When American Chartered Bank approved the loan, it knew that the express purpose of the loan was the financing life insurance premiums and was contrary to what Tim Walsh and Jill Walsh had told ANICO regarding the source of premium payments.

292. On or about late 2007, Defendant American Charted extended a promissory note in the amount of \$205,000 to KL Barrington Advisors, LLC secured by a mortgage on Mrs. Krilich's home. Walsh signed all of the American Chartered Loan

documentation on behalf of himself as a KL Barrington Advisor member, and on behalf of Lillian Krilich. Walsh signed on behalf of Mrs. Krilich even though she had never granted Walsh a power-of-attorney.

293. The events surrounding the Lillian Krilich life settlement scheme involved the same or similar transaction structure and persons and entities as the Karen Soper life settlement scheme. Specifically, those persons and entities were: Timothy J. Walsh, Jill Walsh, American Chartered Bank, Michael Brdecka, and Distributor Resources, Inc. These persons had gained substantially knowledge and were fully aware of all aspects of the life settlement scheme at the time of the Karen Soper life settlement transaction.

#### **Trudy Cooper (Age 81)**

294. Trudy Cooper is 81 years of age and at all relevant times considered **elderly** under Illinois law.

295. Between December 17, 2007 and September 24, 2008, Kevin Hull, vice president of STC Capital Bank worked with Timothy J. Walsh and/or Robert Kealy to convince an **elderly** woman named Trudy Cooper to take out a home equity loan to fund life insurance premiums.

296. From December, 2007 through September, 2008, Timothy J. Walsh, Robert Kealy, and/or Hull met with Cooper and attempted to induce her into agreeing to allow the defendants to purchase life insurance policies and sell them on the secondary market.

297. The materials sent by Hull contained the “Service. Trust. Commitment” slogan and also contained a statement that STC sought to establish a relationship based upon trust.

#### **Bernice Brickman (Age 86) and Seymour Brickman (Age 86)**

298. As is more fully set forth in a lawsuit filed in Cook County, Illinois, on May 30, 2010, captioned *Seymour Brickman, et al., v. STC Capital Bank, et al.*, case number 10 CH 19059, Peter S. Herman, Robert Trumpy, Timothy J. Walsh, Kevin Hull, STC Capital Bank, and others participated in a scheme to induce Seymour Brickman to enter into a life settlement scheme.

299. On or about August, 2007, Peter S. Herman approached Seymour Brickman and his family with the promises of life insurance coverage through a life settlement transaction.

300. Many years earlier, Peter Herman had been good friends with the Brickman's son, Mark. Peter Herman used his connection to the Brickmans to approach them with promises of affordable life insurance coverage.

301. Accordingly, in July to August, 2007, Peter S. Herman began approaching Seymour and Bernice Brickman advising them that they were “underinsured.” Herman advised the Brickmans that he and others could procure life insurance for Seymour Brickman with no out of pocket costs.

302. Seymour and Bernice Brickman are both 86 years of age and at all relevant times were considered **elderly** under Illinois law.

303. In order to obtain financing for the policies, on September 1, 2007, Robert Trumpy, acting through Peter Herman, approached Seymour and Bernice Brickman and asked them to provide to him their financial information. The Brickmans provided their financial information to Rob Trumpy. Trumpy recorded this information on a financing statement which was later provided to STC Capital Bank.



304. In October 2007, Timothy J. Walsh agreed that he would act as Seymour and Bernice Brickman's attorney and would draft trust documents in furtherance of the scheme. To that end, on October 16, 2007 Timothy J. Walsh created the "Seymour Brickman Special Trust" and the "Brickman Family Trust." Walsh was named the trustee and would receive all insurance and financing related documents.

305. During the last week of December, 2007, Timothy J. Walsh, Robert Trumpy, and Kevin Hull, vice president of STC Capital Bank met at the law offices of Timothy J. Walsh & Associates, Inc. to discuss purchasing policies for Seymour Brickman and other victims.

306. On January 23, 2008, Kevin Hull completed a Home Equity Consumer Loan Application with information he obtained from Timothy J. Walsh and/or Robert Trumpy.

307. In December, 2007, two life insurance policies were issued by John Hancock Life Insurance Company providing four million (\$4,000,000.00) in coverage on the life of Seymour Brickman. These policies were placed under trusts under the control of Timothy J. Walsh.

308. On May 22, 2008, Kevin Hull and STC Capital Bank agreed that STC Capital Bank would extend a line of credit to the Brickmans in the amount of \$505,000.00. This credit was extended using the Brickman's commercial property as collateral.

309. Timothy J. Walsh, Kevin Hull, Peter Herman and others remained in regular contact regarding the status of the life settlement transaction.

310. However, by late 2009 the John Hancock life insurance policies had not sold and both policies were allowed to lapse.

311. The events surrounding the Seymour Brickman life settlement scheme involved the same or similar transaction structure and persons and entities as the Karen Soper life settlement scheme. Specifically, those persons and entities were: Timothy J. Walsh, Kevin Hull, and STC Capital Bank.

#### **Susan Pillegi (Age 81)**

312. Beginning in March and April, 2008, Timothy J. Walsh, Michael Brdecka, and Robert S. Trumpy attempted to convince an **elderly** woman named Susan Pillegi to participate in a life settlement transaction. Susan Pillegi is 81 and at all times relevant was considered **elderly** under Illinois law.

313. On May 6, 2008, Timothy J. Walsh created and was appointed trustee of the Pillegi Family Trust. On June 13, 2008. This trust was created to maintain and pay premiums for life insurance policies securing the life of Susan Pillegi.

314. By July of 2008 Kevin Hull of STC Capital Bank worked with Distributor Resources, Inc., Robert Trumpy, Clayton Group, Inc., and Dundee Advisors to issue a loan used to fund a life insurance policy for Susan Pillegi.

315. On or about August 29, 2008, STC Capital Bank issued a loan in the amount of \$425,250.00. Upon information and belief, the borrower for this loan was the Pillegi Family Trust.

316. Using the proceeds from the loan issued by STC Capital Bank and Kevin Hull, Timothy J. Walsh and Distributor Resources, Inc. caused to be placed a life insurance policy on the life of Susan Pillegi from American General Life Insurance Company.

317. The agent for the Pillegi insurance policy was Jill Walsh who used Distributor Resources, Inc. as the master general agent. After the policy was purchased, Timothy J. Walsh, Jill Walsh and others received commissions approximately equal to the first year premiums due on the American General policy.

318. The events surrounding the Susan Pillegi life settlement scheme involved the same or similar transaction structure and persons and entities as the Karen Soper life settlement scheme. Specifically, those persons and entities were: Timothy J. Walsh, Jill Walsh, STC Capital Bank, Kevin Hull, and Distributor Resources, Inc.

**Other Victims: Walsh, Christensen, Straub, Hidding, Emerson, Herba, Mullens**

319. Upon information and belief, Tim Walsh arranged for one or more loans for a life settlement transaction for his mother. These loans were arranged through American Chartered Bank.

320. Upon information and belief, Kevin Hull and STC Capital Bank accepted a life insurance policy on the life of Christensen as collateral for a loan issued to Clayton Advisors to fund future life settlement transactions.

321. Upon information and belief, Kevin Hull and STC Capital Bank accepted a life insurance policy on the life of Straub as collateral for a loan issued to Clayton Advisors to fund the life settlement business.

322. Upon information and belief, Kevin Hull and STC Capital Bank accepted a life insurance policy on the life of Hidding as collateral for a loan issued to Clayton Advisors to fund the life settlement business.

323. Upon information and belief, Emerson was the target of a life settlement scheme that was financed by American Chartered Bank before 2009.

324. Upon information and belief, Herba was aggressively pursued by Herman for a life settlement scheme, financing for which was to be provided by Jerry Bechnel, who was also responsible for providing additional financing in the Seymour Brickman life settlement scheme. This is a very recent case that may have initiated in 2010 or later.

325. Upon information and belief, Alisha Mullens was the subject of a life settlement scheme. Tim Walsh was the attorney and/or trustee. Tom Hanley, an associate of Brdecka, is also involved in the scheme.

326. Upon information and belief, the above named victims were, at all relevant times, considered **elderly** under Illinois law.

**COUNT 1 - NEGLIGENCE**

**Craig Umphress**

1-326. Plaintiffs adopt and reallege Paragraphs 1 through 326 of the Facts Common to All Counts as though fully set forth herein.

327. It was the duty of Craig Umphress to exercise reasonable skill and care in the transaction of the business entrusted to him by Plaintiffs, to wit, to exercise reasonable skill and care in informing Plaintiffs of the terms, conditions, of the proposed loans, and the viability of selling the Plaintiffs life insurance policies on the “secondary market.”

328. It was the duty of Craig Umphress to use due diligence to review documents presented to them regarding a life settlement transaction.

329. It was the duty of Craig Umphress to act in good faith and fair dealing.

330. It was the duty of Craig Umphress to act with honesty and inform the Plaintiffs of his affiliations, relationships and conversations and meetings with the other Defendants in this case.

331. These duties arose outside of any contracts and exist as a matter of Illinois law and public policy.

332. Defendant Craig Umphress breached his duties to Plaintiffs in one or more of the following acts or omissions

- a. By assisting Michael Brdecka, Distributor Resources, Inc, and others in the drafting of life insurance applications so as to allow stranger oriented life insurance policies to be issued;
- b. By negligently failing to evaluate the feasibility of selling the Plaintiffs life insurance policies on the secondary market prior to issuing the Plaintiffs loans to purchase said policies;
- c. By negligently allowing Plaintiffs' life insurance policies to lapse;
- d. By negligently failing to make the appropriate arrangements for one or more of the policies to be sold;
- e. By negligently failing to discover or disclose conflicts of interest of the other Defendants that this Defendant associated with and/or recommended;
- f. By negligently failing to evaluate/appraise the life insurance policies that were accepted as collateral;
- g. By negligently allowing **elderly** persons to sign loan documents for a loan to be paid by others and for the benefit of others;
- h. By negligently failing to orally communicate with the **elderly** Plaintiffs to ensure that they were not being victimized by an scheme whose purpose was to engage in an illegal transaction;
- i. By otherwise acting carelessly or negligently.

333. As a direct and proximate result of the foregoing acts or omissions, Plaintiffs have spent large sums of money, have become purportedly liable for additional sums of money, have encumbered property, and have thereby suffered monetary damages exceeding \$50,000.00.

WHEREFORE, Plaintiffs pray that this Court enter judgment in favor of Plaintiffs and against Defendants in an amount in excess of \$50,000 plus costs and attorney's fees, together with such other relief as this Court deems just.

## **COUNT 2 - NEGLIGENCE OMISSION AND CONCEALMENT**

### **Craig Umphress**

1-326. Plaintiffs adopt and reallege Paragraphs 1 through 326 of the Facts Common to All Counts as though fully set forth herein.

327. Defendant Craig Umphress had a fiduciary relationship with the Plaintiffs.

328. As a fiduciary, it was the duty of Craig Umphress to disclose all material facts to the Plaintiff regarding the risks and benefits of the proposed life insurance scheme.

329. As a fiduciary, it was also the duty of defendant to disclose to the Plaintiffs that Jill Walsh, Mick Brdecka, Timothy Walsh, and others knew that the proposed life insurance policies had little to no value on the secondary market, and therefore, were unlikely to ever be sold.

330. Defendant bound by a fiduciary duty to disclose all material terms, conditions, and risks of the life insurance scheme proposed by the Defendants, and to procure such life insurance policies according to the representations made by Defendants to the Plaintiffs.

331. Defendant, in violation of the aforesaid duties, concealed the following material facts:

- a. that that the life insurance policies had little to no value on the secondary market, and therefore were unlikely to ever be sold;
- b. that the loans taken by the Plaintiffs to finance the premiums on the policies would not be sufficient to finance the policies past the initial two year contestability period;
- c. that stranger oriented life insurance policies and transactions are illegal under Illinois law and the insurers could seek to rescind the policies upon learning the policies were issued pursuant to a stranger oriented life insurance scheme;
- d. that applications for the insurance policies contained material misrepresentations;

522. Had defendant disclosed these facts to Plaintiffs, Plaintiffs would not have entrusted their business to Timothy J. Walsh or any other Defendant, purchased the life insurance policies, or taken out loans as urged by Brdecka, Distributor Resources, and Timothy J. Walsh.

523. Defendant knew that the aforementioned facts were material misstatements and omissions.

524. Defendant concealed the aforementioned material facts with the intent to deceive Plaintiffs and induce them into purchasing the life insurance policies.

525. Plaintiffs relied on the omission, suppression and concealments such that Plaintiff did not have a full and fair disclosure to them regarding the risks and benefits of the proposed life insurance scheme.

526. As a direct and proximate result of the foregoing acts or omissions, Plaintiffs have spent large sums of money, have become liable for additional sums of money, have encumbered property, been deprived of the benefits of that life insurance coverage, and have thereby suffered monetary damages exceeding \$50,000.

WHEREFORE, Plaintiffs prays that this Court enter judgment in favor of Plaintiffs and against Defendants in an amount in excess of \$50,000 plus costs and attorney's fees, together with such other relief as this Court deems just.

### **COUNT 3 - ILLINOIS CONSUMER FRAUD Patrick Sacor**

#### **Patrick Sacor**

1-326. Plaintiffs adopt and reallege Paragraphs 1 through 326 of the Facts Common to All Counts as though fully set forth herein.

327. Defendant Craig Umphress omitted from informing the Plaintiffs the following:

- a. that that the life insurance policies had little to no value on the secondary market, and therefore were unlikely to ever be sold;
- b. that the loans taken by the Plaintiffs to finance the premiums on the policies would not be sufficient to finance the policies past the initial two year contestability period;
- c. that stranger oriented life insurance policies and transactions are illegal under Illinois law and the insurers could seek to rescind the policies upon learning the policies were issued pursuant to a stranger oriented life insurance scheme;

d. that applications for the insurance policies contained material misrepresentations;

a. That the Defendants were recommending the purchase of the two life insurance policies that they knew had little to no value on the secondary market and were unlikely to be sold because they would gain substantial commissions from the sale and placement of the policies;

b. That by naming Jill Walsh as the insurance agent, Timothy J. Walsh stood to gain substantial pecuniary benefits through the sale of the life insurance policies;

c. That the Defendants, including Timothy J. Walsh, Jill Walsh, and Mick Brdecka stood to earn substantial commissions by paying the ING policies premiums up front;

d. That Karen Soper's life insurance policies had lapsed and could not be sold on the secondary market.

328. The representations and omissions by the defendant to the Plaintiff were for the purpose of inducing the Plaintiff to allow defendant to procure life insurance policies and/or take out loans such that defendant could earn commissions and/or bonuses from the initiation of either the insurance policies or the loans.

329. In making the representations and/or omissions, the defendant intended that the Plaintiff rely on the representations or knew that the omissions concerned material facts and would rely on any concealment, suppression or omission of those material facts.

330. Defendant knew or should have known that the representations were designed, in part, to assure Plaintiffs that that the life insurance policies could be sold, and would yield a return on investment equal to or greater than 14-16%.

331. Plaintiffs heard and relied on the representations and/or omissions by the defendant.

332. At all relevant times, there has been in effect in the State of Illinois a certain statute known as the Illinois Consumer Fraud and Deceptive Business Practices Act, set forth at [815 ILCS 505/2](#), which provides, in pertinent part, as follows:

“Unfair methods of competition and unfair or deceptive acts or practices, including but not limited to the use or employment of any deception, fraud, false pretense, false promise, misrepresentation or the concealment, suppression or omission of such material fact with intent that others rely upon the concealment, suppression or omission of such material fact... in the conduct of any trade or commerce are hereby declared unlawful whether any person has in fact been misled, deceived or damaged thereby...”

333. Defendant, by making the above representations and/or omissions, violated the Illinois Consumer Fraud and Deceptive Practices Act.

334. At all relevant times, it was reasonably foreseeable that Plaintiffs would rely on the representations set forth above in deciding to purchase life insurance, take out mortgages on her home, and pay life insurance premiums up front.

335. Plaintiffs relied on the representations and/or omissions made by defendant and these induced the Plaintiffs to purchase life insurance policies and obligate themselves to pay large sums of money to lenders.

336. The above-stated misrepresentations and omissions were material facts and had Plaintiffs been aware of such facts, they would not have purchased life insurance policies, would not have paid the life insurance premiums up front, and would not have obligated themselves to pay large sums of money to lenders.

337. As a direct and proximate result of the above acts and words, Plaintiffs have sustained substantial damages, including the loss of substantial premium payments made, loss in value of encumbered property, loss of death benefits, loss of future due payments and monies, and the costs and attorney's fees associated with this suit.

WHEREFORE, Plaintiffs prays that this Court enter judgment in favor of Plaintiffs and against Defendants in an amount in excess of 50,000 plus costs and attorney's fees, together with such other relief as this Court deems just.

#### **COUNT 4 - FRAUDULENT INDUCEMENT**

##### **Craig Umphress**

1-326. Plaintiffs adopt and reallege Paragraphs 1 through 326 of the Facts Common to All Counts as though fully set forth herein.

327. Certain persons made false statements of material facts. These misrepresentations included the value of life insurance policies on a secondary market, the ability to sell those policies on a secondary market, the cost of entering into this life settlement plan to the Defendant, and the apportionment of the risks in the life settlement plan.

328. These representations were made with the intent to induce the Plaintiffs into entering into a life settlement scheme.

329. Plaintiffs reasonably relied on the misrepresentations, as those misrepresentations were made by persons the Plaintiffs hired as advisors and attorneys to act on their behalf. Furthermore, these advisors and attorneys represented themselves as knowledgeable on life settlement plans and could put a life settlement plan into effect for the Plaintiffs.

330. If the Plaintiffs had known of these misrepresentations, she would not have entered into this life settlement plan and would not have guaranteed any loans associated with any life settlement plan.

**331. Craig Umphress knew or should have known of the misrepresentations made to induce the Plaintiffs into entering into the life settlement plan which included the procurement of loans to finance the life insurance policies. Craig Umphress benefited from and ratified the misrepresentations made to induce the Plaintiffs into entering to a life settlement plan from the placement of the loans and/or the policies through the receipt of commissions, bonuses, and/or other compensation.**

**332. As a direct and proximate result of the above acts and words, Plaintiffs have sustained substantial damages, including the loss of substantial premium payments made, loss in value of encumbered property, loss of death benefits, loss of future due payments and monies, and the costs and attorney's fees associated with this suit.**

**WHEREFORE, Plaintiffs prays that this Court enter judgment in favor of Plaintiffs and against Defendants in an amount in excess of \$50,000 plus costs and attorney's fees, together with such other relief as this Court deems just.**

#### **COUNT 5 - BREACH OF FIDUCIARY DUTY**

##### **Craig Umphress**

**1-326. Plaintiffs adopt and reallege Paragraphs 1 through 326 of the Facts Common to All Counts as though fully set forth herein.**

**326. Craig Umphress and others were members of an enterprise whose purpose was to induce others into enter into life settlement transactions through the use of loans that they would arrange and induce others to sign.**

**327. According to a document prepared by enterprise members Justin Meyers and M Group Financial, “Some of the largest banks and financial institutions in the world that we represent are interested in joint venturing with clients like you with regards to the acquisition/issuance of this insurance.”**

**328. According to Meyers, “The bank/financial institution pays all premium and transaction expenses and shares with the client the benefits associated with a life insurance policy.”**

**329. According to Meyers, “There is not cost, obligation, liability or recourse to the client.”**

**330. This document was contained within Timothy J. Walsh's file for Karen Soper.**

**331. The purpose of the joint venture was to fund a life settlement investment scheme.**

**332. As an enterprise member and joint venturer, Craig Umphress agreed to provide expertise on the application and issuance of life insurance policies.**

**333. Furthermore, the Plaintiffs reposed trust and confidence in Craig Umphress, and other defendants and persons, do to their superior knowledge and expertise in the areas of insurance, banking, financing and life settlement plans. The Plaintiffs reposed such great trust and confidence, that various instruments, including loan documents, were signed without any negotiation or questions by the Plaintiffs.**

**334. When it entered into this agreement to provide financing for the life insurance policies, the Defendant, enterprise member, and joint venturer, Craig Umphress was bound by a fiduciary duty to disclose all material terms, conditions, and risks of the life insurance scheme proposed by the Defendants to the Plaintiff, and to procure and sell such life insurance policies and extend financing according to the representations made by Defendants to the Plaintiff.**

**335. Defendant, Craig Umphress breached their fiduciary duty to Plaintiffs in the following ways:**

- a. Misrepresented its prior relationships with the Defendants, including Distributor Resources, Inc., Michael Brdecka, Jill Walsh, Timothy J. Walsh, Timothy J. Walsh & Associates, Arbor Premium Finance, L.L.C., Life Settlement Finance Group, Rob Trumpy, Justin Meyers, M Group Financial, L.L.C.;
- b. Failed to make payments on Plaintiffs' life insurance policies and allowed them to lapse;
- c. Concealed the lapse of the Plaintiffs' life insurance policies;
- d. Breached the duty of good faith and fair dealing by actively concealing its prior relationships with the defendants and enterprise members;
- e. Misrepresented the scope of its participation with the other Defendants' in the life settlement scheme;
- f. Caused or allowed the other Defendants and enterprise members to represent to the Plaintiff that the life insurance policies had value on the secondary market, despite knowing that the policies were worthless and would never be sold;
- g. Allowed **elderly** persons to sign loan documents after having received documents that indicated that no loan would be used to procure the life insurance;
- h. Otherwise violated the duties of loyalty, good faith and fair dealing among fiduciaries.



336. As a proximate cause and result of Craig Umphress's breaches, Plaintiffs have been harmed in that they are left without life insurance policies, have purportedly defaulted on purported loan agreements, and have otherwise been harmed in an amount believed to be in excess of \$50,000.00.

WHEREFORE, Plaintiffs prays that this Court enter judgment in favor of Plaintiffs and against Defendant Craig Umphress in an amount in excess of \$50,000 plus costs and attorney's fees, together with such other relief as this Court deems just.

## **COUNT 6 - RESTITUTION, KNOWING PARTICIPATION IN BREACH OF FIDUCIARY DUTY**

### **Craig Umphress**

1-326. Plaintiffs adopt and reallege Paragraphs 1 through 326 of the Facts Common to All Counts as though fully set forth herein.

326. Craig Umphress, by his relationship with Timothy J. Walsh, Rob Trumpy, Jill Walsh, Michael Brdecka, and Distributor Resources, Inc., knew or should have known the actions taken by those persons and others that constituted a breach of fiduciary duty, as alleged elsewhere in this Complaint.

327. Craig Umphress knowingly accepted benefits from the breaches of fiduciary duty committed by those defendants or otherwise knowingly participated with those persons and others in their commission of acts which breached their fiduciary duty.

328. A party who knowingly accepts benefits from another party's breach of fiduciary duty owes any aggrieved parties a duty of restitution.

329. The Plaintiffs, has been various alleged elsewhere in this Complaint, have suffered damages in excess of \$50,000.00 due to breaches of fiduciary duty committed by various defendants and others.

WHEREFORE, Plaintiffs pray that this Court enter judgment in favor of Plaintiffs and against Defendant Craig Umphress in an amount in excess of \$50,000 in restitution plus costs and attorney's fees, together with such other relief as this Court deems just.

## **COUNT 7 - NEGLIGENCE**

### **Patrick Sacor**

1-326. Plaintiffs adopt and reallege Paragraphs 1 through 326 of the Facts Common to All Counts as though fully set forth herein.

334. It was the duty of Patrick Sacor to exercise reasonable skill and care in the transaction of the business entrusted to him by Plaintiffs, to wit, to exercise reasonable skill and care in informing Plaintiffs of the terms, conditions, of the proposed loans, and the viability of selling the Plaintiffs life insurance policies on the "secondary market."

335. It was the duty of Patrick Sacor to use due diligence to review documents presented to them regarding a life settlement transaction.

336. It was the duty of Patrick Sacor to act in good faith and fair dealing.

337. It was the duty of Patrick Sacor to act with honesty and inform the Plaintiffs of his affiliations, relationships and conversations and meetings with the other Defendants in this case.

338. It was the duty of Patrick Sacor to avoid issuing and entrusting loans funds to persons where doing so would materially increase the risk of harm to the Plaintiffs.

339. These duties arose outside of any contracts and exist as a matter of Illinois law and public policy.

340. Defendant Patrick Sacor breached his duties to Plaintiffs in one or more of the following acts or omissions:

j. By negligently accepting loan documents, when, in the exercise of reasonable care, he knew or should have known that Plaintiffs would not be able to meet the loan obligations of the proposed loans;

k. By negligently failing to provide loans to Plaintiffs to fund an illegal transaction, i.e. the procurement and selling of STOLI policies on the secondary market;

l. By negligently accepting loan documents that he knew or should have known were prepared without the knowledge of the Plaintiffs, or where prepared without the Plaintiffs having an opportunity to review and negotiate those documents;

m. By negligently failing to evaluate the feasibility of selling the Plaintiffs life insurance policies on the secondary market prior to issuing the Plaintiffs loans to purchase said policies;

n. By negligently allowing Plaintiffs' life insurance policies to lapse;

o. By negligently failing to make the appropriate arrangements for one or more of the policies to be sold;

p. By negligently failing to discover or disclose conflicts of interest of the other Defendants that this Defendant associated with and/or recommended;

q. By negligently accepting an application for life insurance as a basis for the Defendants' loans which stated that the premiums for the life insurance policies would not be funded through financing;

r. By negligently failing to evaluate/appraise the life insurance policies that were accepted as collateral;

s. By negligently allowing **elderly** persons to sign loan documents for a loan to be paid by others and for the benefit of others;

t. By negligently failing to orally communicate with the **elderly** Plaintiffs to ensure that they were not being victimized by an scheme whose purpose was to engage in an illegal transaction;

u. By negligently failing to investigate the loan applications for the material misrepresentations contained therein;

v. By negligently issuing loans to be used by other Defendants for an illicit purpose.

w. By otherwise acting carelessly or negligently.

341. As a direct and proximate result of the foregoing acts or omissions, Plaintiffs have spent large sums of money, have become purportedly liable for additional sums of money, have encumbered property, and have thereby suffered monetary damages exceeding \$50,000.00.

WHEREFORE, Plaintiffs pray that this Court enter judgment in favor of Plaintiffs and against Defendants in an amount in excess of \$50,000 plus costs and attorney's fees, together with such other relief as this Court deems just.

#### **COUNT 8 - NEGLIGENT OMISSION AND CONCEALMENT**

**Patrick Sacor**

1-326. Plaintiffs adopt and reallege Paragraphs 1 through 326 of the Facts Common to All Counts as though fully set forth herein.

332. Defendant Patrick Sacor had a fiduciary relationship with the Plaintiffs.

333. As a fiduciary, it was the duty of Patrick Sacor to disclose all material facts to the Plaintiff regarding the risks and benefits of the proposed life insurance scheme.

334. As a fiduciary, it was also the duty of defendant to disclose to the Plaintiffs that Jill Walsh, Mick Brdecka, Timothy Walsh, and others knew that the proposed life insurance policies had little to no value on the secondary market, and therefore, were unlikely to ever be sold.

335. Defendant bound by a fiduciary duty to disclose all material terms, conditions, and risks of the life insurance scheme proposed by the Defendants, and to procure such life insurance policies according to the representations made by Defendants to the Plaintiffs.

336. Defendant, in violation of the aforesaid duties, concealed the following material facts:

b. that the life insurance policies had little to no value on the secondary market, and therefore were unlikely to ever be sold;

b. that the loans taken by the Plaintiffs to finance the premiums on the policies would not be sufficient to finance the policies past the initial two year contestability period;

c. that stranger oriented life insurance policies and transactions are illegal under Illinois law and the insurers could seek to rescind the policies upon learning the policies were issued pursuant to a stranger oriented life insurance scheme;

d. that applications for the insurance policies contained material misrepresentations;

527. Had defendant disclosed these facts to Plaintiffs, Plaintiffs would not have entrusted their business to Timothy J. Walsh or any other Defendant, purchased the life insurance policies, or taken out loans as urged by Brdecka, Distributor Resources, and Timothy J. Walsh.

528. Defendant knew that the aforementioned facts were material misstatements and omissions.

529. Defendant concealed the aforementioned material facts with the intent to deceive Plaintiffs and induce them into purchasing the life insurance policies.

530. Plaintiffs relied on the omission, suppression and concealments such that Plaintiff did not have a full and fair disclosure to them regarding the risks and benefits of the proposed life insurance scheme.

531. As a direct and proximate result of the foregoing acts or omissions. Plaintiffs have spent large sums of money, have become liable for additional sums of money, have encumbered property, been deprived of the benefits of that life insurance coverage, and have thereby suffered monetary damages exceeding \$50,000.

WHEREFORE, Plaintiffs prays that this Court enter judgment in favor of Plaintiffs and against Defendants in an amount in excess of \$50,000 plus costs and attorney's fees, together with such other relief as this Court deems just.

## COUNT 9 - ILLINOIS CONSUMER FRAUD

### Patrick Sacor

1-326. Plaintiffs adopt and reallege Paragraphs 1 through 326 of the Facts Common to All Counts as though fully set forth herein.

338. Defendant Patrick Sacor omitted from informing the Plaintiffs the following:

- b. that that the life insurance policies had little to no value on the secondary market, and therefore were unlikely to ever be sold;
- b. that the loans taken by the Plaintiffs to finance the premiums on the policies would not be sufficient to finance the policies past the initial two year contestability period;
- c. that stranger oriented life insurance policies and transactions are illegal under Illinois law and the insurers could seek to rescind the policies upon learning the policies were issued pursuant to a stranger oriented life insurance scheme;
- d. that applications for the insurance policies contained material misrepresentations;
- e. That the Defendants were recommending the purchase of the two life insurance policies that they knew had little to no value on the secondary market and were unlikely to be sold, because they would gain substantial commissions from the sale and placement of the policies;
- f. That by naming Jill Walsh as the insurance agent. Timothy J. Walsh stood to gain substantial pecuniary benefits through the sale of the life insurance policies;
- g. That the Defendants, including Timothy J. Walsh, Jill Walsh, and Mick Brdecka stood to earn substantial commissions by paying the ING policies premiums up front;
- h. That Karen Soper's life insurance policies had lapsed and could not be sold on the secondary market.

339. The representations and omissions by the defendant to the Plaintiff were for the purpose of inducing the Plaintiff to allow defendant to procure life insurance policies and/or take out loans such that defendant could earn commissions and/or bonuses from the initiation of either the insurance policies or the loans.

340. In making the representations and/or omissions, the defendant intended that the Plaintiff rely on the representations or knew that the omissions concerned material facts and would rely on any concealment, suppression or omission of those material facts.

341. Defendant knew or should have known that the representations were designed, in part, to assure Plaintiffs that that the life insurance policies could be sold, and would yield a return on investment equal to or greater than 14-16%.

342. Plaintiffs heard and relied on the representations and/or omissions by the defedant.

343. At all relevant times, there has been in effect in the State of Illinois a certain statute known as the Illinois Consumer Fraud and Deceptive Business Practices Act, set forth at [815 ILCS 505/2](#), which provides, in pertinent part, as follows:

“Unfair methods of competition and unfair or deceptive acts or practices, including but not limited to the use or employment of any deception, fraud, false pretense, false promise, misrepresentation or the concealment, suppression or omission of such material fact with intent that others rely upon the concealment, suppression or omission of such material fact... in the conduct of any trade or commerce are hereby declared unlawful whether any person has in fact been misled, deceived or damaged thereby...”

344. Defendant, by making the above representations and/or omissions, violated the Illinois Consumer Fraud and Deceptive Practices Act.

345. At all relevant times, it was reasonably foreseeable that Plaintiffs would rely on the representations set forth above in deciding to purchase life insurance, take out mortgages on her home, and pay life insurance premiums up front.

346. Plaintiffs relied on the representations and/or omissions made by defendant and these induced the Plaintiffs to purchase life insurance policies and obligate themselves to pay large sums of money to lenders.

347. The above-stated misrepresentations and omissions were material facts and had Plaintiffs been aware of such facts, they would not have purchased life insurance policies, would not have paid the life insurance premiums up front, and would not have obligated themselves to pay large sums of money to lenders.

348. As a direct and proximate result of the above acts and words, Plaintiffs have sustained substantial damages, including the loss of substantial premium payments made, loss in value of encumbered property, loss of death benefits, loss of future due payments and monies, and the costs and attorney's fees associated with this suit.

WHEREFORE. Plaintiffs prays that this Court enter judgment in favor of Plaintiffs and against Defendants in an amount in excess of \$50,000 plus costs and attorney's fees, together with such other relief as this Court deems just.

#### **COUNT 10 - FRAUDULENT INDUCEMENT**

##### **Patrick Sacor**

1-327. Plaintiffs adopt and reallege Paragraphs 1 through 326 of the Facts Common to All Counts as though fully set forth herein.

333. Certain persons made false statements of material facts. These misrepresentations included the value of life insurance policies on a secondary market, the ability to sell those policies on a secondary market, the cost of entering into this life settlement plan to the Defendant, and the apportionment of the risks in the life settlement plan.

334. These representations were made with the intent to induce the Plaintiffs into entering into a life settlement scheme.

335. Plaintiffs reasonably relied on the misrepresentations, as those misrepresentations were made by persons the Plaintiffs hired as advisors and attorneys to act on their behalf. Furthermore, these advisors and attorneys represented themselves as knowledgeable on life settlement plans and could put a life settlement plan into effect for the Plaintiffs.

336. If the Plaintiffs had known of these misrepresentations, she would not have entered into this life settlement plan and would not have guaranteed any loans associated with any life settlement plan.

337. Patrick Sacor knew or should have known of the misrepresentations made to induce the Plaintiffs into entering into the life settlement plan which included the procurement of loans to finance the life insurance policies. Patrick Sacor benefited from and ratified the misrepresentations made to induce the Plaintiffs into entering to a life settlement plan from the placement of the loans and/or the policies through the receipt of commissions, bonuses, and/or other compensation.

338. As a direct and proximate result of the above acts and words, Plaintiffs have sustained substantial damages, including the loss of substantial premium payments made, loss in value of encumbered property, loss of death benefits, loss of future due payments and monies, and the costs and attorney's fees associated with this suit.

WHEREFORE, Plaintiffs prays that this Court enter judgment in favor of Plaintiffs and against Defendants in an amount in excess of \$50,000 plus costs and attorney's fees, together with such other relief as this Court deems just.

### **COUNT 11 - BREACH OF FIDUCIARY DUTY**

#### **Patrick Sacor**

1-326. Plaintiffs adopt and reallege Paragraphs 1 through 326 of the Facts Common to All Counts as though fully set forth herein.

337. Patrick Sacor and others were members of an enterprise whose purpose was to induce others into enter into life settlement transactions through the use of loans that they would arrange and induce others to sign.

338. According to a document prepared by enterprise members Justin Meyers and M Group Financial, "Some of the largest banks and financial institutions in the world that we represent are interested in joint venturing with clients like you with regards to the acquisition/issuance of this insurance."

339. According to Meyers, The bank/financial institution pays all premium and transaction expenses and shares with the client the benefits associated with a life insurance policy."

340. According to Meyers, "There is not cost, obligation, liability or recourse to the client."

341. This document was contained within Timothy J. Walsh's file for Karen Soper.

342. The purpose of the joint venture was to fund a life settlement investment scheme.

343. As an enterprise member and joint venturer, Patrick Sacor agreed to provide financing for the acquisition life insurance policies.

344. Furthermore, the Plaintiffs reposed trust and confidence in Patrick Sacor, and other defendants, do to their superior knowledge and expertise in the areas of insurance, banking, financing and life settlement plans. The Plaintiffs reposed such great trust and confidence, that various instruments, including loan documents, were signed without any negotiation or questions by the Plaintiffs.

345. When it entered into this agreement to provide financing for the life insurance policies, the Defendant, enterprise member, and joint venturer, Patrick Sacor was bound by a fiduciary duty to disclose all material terms, conditions, and risks of the life insurance scheme proposed by the Defendants to the Plaintiff, and to procure and sell such life insurance policies and extend financing according to the representations made by Defendants to the Plaintiff.

346. Defendants, Patrick Sacor breached their fiduciary duty to Plaintiffs in the following ways:

a. Misrepresented its prior relationships with the Defendants, including Distributor Resources, Inc., Michael Brdecka, Jill Walsh, Timothy J. Walsh, Timothy J. Walsh & Associates, Arbor Premium Finance, L.L.C., Life Settlement Finance Group, Rob Trumpy, Justin Meyers, M Group Financial, L.L.C.;

b. Failed to make payments on Plaintiffs' life insurance policies and allowed them to lapse;

c. Concealed the lapse of the Plaintiffs' life insurance policies;

- d. Breached the duty of good faith and fair dealing by actively concealing its prior relationships with the defendants and enterprise members;
- e. Misrepresented the scope of its participation with the other Defendants' in the life settlement scheme;
- f. Caused or allowed the other Defendants and enterprise members to represent to the Plaintiff that the life insurance policies had value on the secondary market, despite knowing that the policies were worthless and would never be sold;
- g. Allowed **elderly** persons to sign loan documents after having received documents that indicated that no loan would be used to procure the life insurance;
- h. Otherwise violated the duties of loyalty, good faith and fair dealing among fiduciaries.

347. As a proximate cause and result of Defendant Patrick Sacor's breaches, Plaintiffs have been harmed in that they are left without life insurance policies, have purportedly defaulted on purported loan agreements, and have otherwise been harmed in an amount believed to be in excess of \$50,000.00.

WHEREFORE, Plaintiffs prays that this Court enter judgment in favor of Plaintiffs and against Defendant Patrick Sacor in an amount in excess of \$50,000 plus costs and attorney's fees, together with such other relief as this Court deems just.

#### **COUNT 12 - RESTITUTION, KNOWING PARTICIPATION IN BREACH OF FIDUCIARY DUTY**

##### **Patrick Sacor**

1-326. Plaintiffs adopt and reallege Paragraphs 1 through 326 of the Facts Common to All Counts as though fully set forth herein.

330. Patrick Sacor, by his relationship with Timothy J. Walsh, Rob Trumpy, Jill Walsh, and American Chartered Bank, knew or should have known the actions taken those persons and others that constituted a breach of fiduciary duty, as alleged elsewhere in this Complaint.

331. Patrick Sacor knowingly accepted benefits from the breaches of fiduciary duty committed by those defendants or otherwise knowingly participated with those persons and others in their commission of acts which breached their fiduciary duty.

332. A party who knowingly accepts benefits from another party's breach of fiduciary duty owes any aggrieved parties a duty of restitution.

333. The Plaintiffs, has been various alleged elsewhere in this Complaint, have suffered damages in excess of \$50,000.00 due to breaches of fiduciary duty committed by various defendants and others.

WHEREFORE. Plaintiffs pray that this Court enter judgment in favor of Plaintiffs and against Defendant Patrick Sacor in an amount in excess of \$50,000 in restitution plus costs and attorney's fees, together with such other relief as this Court deems just.

#### **COUNT 13 - NEGLIGENCE**

##### **Kevin Hull**

1-326. Plaintiffs adopt and reallege Paragraphs 1 through 326 of the Facts Common to All Counts as though fully set forth herein.



326. It was the duty of Kevin Hull to exercise reasonable skill and care in the transaction of the business entrusted to him by Plaintiffs, to wit, to exercise reasonable skill and care in informing Plaintiffs of the terms, conditions, of the proposed loans, and the viability of selling the Plaintiffs life insurance policies on the “secondary market.”

327. It was the duty of Kevin Hull to use due diligence to review documents presented to them regarding a life settlement transaction.

328. It was the duty of Kevin Hull to act in good faith and fair dealing.

329. It was the duty of Kevin Hull to act with honesty and inform the Plaintiffs of his affiliations, relationships and conversations and meetings with the other Defendants in this case.

330. It was the duty of Kevin Hull to avoid issuing and entrusting loans funds to persons where doing so would materially increase the risk of harm to the Plaintiffs.

331. These duties arose outside of any contracts and exist as a matter of Illinois law and public policy.

332. Defendant Kevin Hull breached his duties to Plaintiffs in one or more of the following acts or omissions:

a. By negligently accepting loan documents, when, in the exercise of reasonable care, he knew or should have known that Plaintiffs would not be able to meet the loan obligations of the proposed loans;

b. By negligently failing to provide loans to Plaintiffs to fund an illegal transaction, i.e. the procurement and selling of STOLI policies on the secondary market;

c. By negligently accepting loan documents that he knew or should have known were prepared without the knowledge of the Plaintiffs, or where prepared without the Plaintiffs having an opportunity to review and negotiate those documents;

d. By negligently failing to evaluate the feasibility of selling the Plaintiffs life insurance policies on the secondary market prior to issuing the Plaintiffs loans to purchase said policies;

e. By negligently allowing Plaintiffs' life insurance policies to lapse;

f. By negligently failing to make the appropriate arrangements for one or more of the policies to be sold;

g. By negligently failing to discover or disclose conflicts of interest of the other Defendants that this Defendant associated with and/or recommended;

h. By negligently accepting an application for life insurance as a basis for the Defendants' loans which stated that the premiums for the life insurance policies would not be funded through financing;

i. By negligently failing to evaluate/appraise the life insurance policies that were accepted as collateral;

j. By negligently allowing **elderly** persons to sign loan documents for a loan to be paid by others and for the benefit of others;

k. By negligently failing to orally communicate with the **elderly** Plaintiffs to ensure that they were not being victimized by an scheme whose purpose was to engage in an illegal transaction;

l. By negligently failing to investigate the loan applications for the material misrepresentations contained therein;

m. By negligently issuing loans to be used by other Defendants for an illicit purpose.

n. By otherwise acting carelessly or negligently.

333. As a direct and proximate result of the foregoing acts or omissions, Plaintiffs have spent large sums of money, have become purportedly liable for additional sums of money, have encumbered property, and have thereby suffered monetary damages exceeding \$50,000.00.

WHEREFORE, Plaintiffs pray that this Court enter judgment in favor of Plaintiffs and against Defendant Kevin Hull in an amount in excess of \$50,000 plus costs and attorney's fees, together with such other relief as this Court deems just.

#### **COUNT 14 -NEGLIGENT OMISSION AND CONCEALMENT**

##### **Kevin Hull**

1-326. Plaintiffs adopt and reallege Paragraphs 1 through 326 of the Facts Common to All Counts as though fully set forth herein.

337. Defendant Kevin Hull had a fiduciary relationship with the Plaintiffs.

338. As a fiduciary, it was the duty of Kevin Hull to disclose all material facts to the Plaintiff regarding the risks and benefits of the proposed life insurance scheme.

339. As a fiduciary, it was also the duty of defendant to disclose to the Plaintiffs that Jill Walsh, Mick Brdecka, Timothy Walsh, and others knew that the proposed life insurance policies had little to no value on the secondary market, and therefore, were unlikely to ever be sold.

340. Defendant bound by a fiduciary duty to disclose all material terms, conditions, and risks of the life insurance scheme proposed by the Defendants, and to procure such life insurance policies according to the representations made by Defendants to the Plaintiffs.

341. Defendant, in violation of the aforesaid duties, concealed the following material facts:

a. that the life insurance policies had little to no value on the secondary market, and therefore were unlikely to ever be sold;

b. that the loans taken by the Plaintiffs to finance the premiums on the policies would not be sufficient to finance the policies past the initial two year contestability period;

c. that stranger oriented life insurance policies and transactions are illegal under Illinois law and the insurers could seek to rescind the policies upon learning the policies were issued pursuant to a stranger oriented life insurance scheme;

d. that applications for the insurance policies contained material misrepresentations;

532. Had defendant disclosed these facts to Plaintiffs, Plaintiffs would not have entrusted their business to Timothy J. Walsh or any other Defendant, purchased the life insurance policies, or taken out loans as urged by Brdecka, Distributor Resources, and Timothy J. Walsh.

533. Defendant knew that the aforementioned facts were material misstatements and omissions.

534. Defendant concealed the aforementioned material facts with the intent to deceive Plaintiffs and induce them into purchasing the life insurance policies.

535. Plaintiffs relied on the omission, suppression and concealments such that Plaintiff did not have a full and fair disclosure to them regarding the risks and benefits of the proposed life insurance scheme.

536. As a direct and proximate result of the foregoing acts or omissions, Plaintiffs have spent large sums of money, have become liable for additional sums of money, have encumbered property, been deprived of the benefits of that life insurance coverage, and have thereby suffered monetary damages exceeding \$50,000.

WHEREFORE, Plaintiffs prays that this Court enter judgment in favor of Plaintiffs and against Defendants in an amount in excess of \$50,000 plus costs and attorney's fees, together with such other relief as this Court deems just.

### **COUNT 15 - ILLINOIS CONSUMER FRAUD**

#### **Kevin Hull**

1-326. Plaintiffs adopt and reallege Paragraphs 1 through 326 of the Facts Common to All Counts as though fully set forth herein.

349. Defendant Kevin Hull omitted from informing the Plaintiffs the following:

- c. that that the life insurance policies had little to no value on the secondary market, and therefore were unlikely to ever be sold;
- b. that the loans taken by the Plaintiffs to finance the premiums on the policies would not be sufficient to finance the policies past the initial two year contestability period;
- c. that stranger oriented life insurance policies and transactions are illegal under Illinois law and the insurers could seek to rescind the policies upon learning the policies were issued pursuant to a stranger oriented life insurance scheme;
- d. that applications for the insurance policies contained material misrepresentations;
- i. That the Defendants were recommending the purchase of the two life insurance policies that they knew had little to no value on the secondary market and were unlikely to be sold, because they would gain substantial commissions from the sale and placement of the policies;
- j. That by naming Jill Walsh as the insurance agent, Timothy J. Walsh stood to gain substantial pecuniary benefits through the sale of the life insurance policies;
- k. That the Defendants, including Timothy J. Walsh, Jill Walsh, and Mick Brdecka stood to earn substantial commissions by paying the ING policies premiums up front;
- l. That Karen Soper's life insurance policies had lapsed and could not be sold on the secondary market.

350. The representations and omissions by the defendant to the Plaintiff were for the purpose of inducing the Plaintiff to allow defendant to procure life insurance policies and/or take out loans such that defendant could earn commissions and/or bonuses from the initiation of either the insurance policies or the loans.

351. In making the representations and/or omissions, the defendant intended that the Plaintiff rely on the representations or knew that the omissions concerned material facts and would rely on any concealment, suppression or omission of those material facts.

352. Defendant knew or should have known that the representations were designed, in part, to assure Plaintiffs that that the life insurance policies could be sold, and would yield a return on investment equal to or greater than 14-16%.

353. Plaintiffs heard and relied on the representations and/or omissions by the defedant.

354. At all relevant times, there has been in effect in the State of Illinois a certain statute known as the Illinois Consumer Fraud and Deceptive Business Practices Act, set forth at [815 ILCS 505/2](#), which provides, in pertinent part, as follows:

“Unfair methods of competition and unfair or deceptive acts or practices, including but not limited to the use or employment of any deception, fraud, false pretense, false promise, misrepresentation or the concealment, suppression or omission of such material fact with intent that others rely upon the concealment, suppression or omission of such material fact... in the conduct of any trade or commerce are hereby declared unlawful whether any person has in fact been misled, deceived or damaged thereby...”

355. Defendant, by making the above representations and/or omissions, violated the Illinois Consumer Fraud and Deceptive Practices Act.

356. At all relevant times, it was reasonably foreseeable that Plaintiffs would rely on the representations set forth above in deciding to purchase life insurance, take out mortgages on her home, and pay life insurance premiums up front.

357. Plaintiffs relied on the representations and/or omissions made by defendant and these induced the Plaintiffs to purchase life insurance policies and obligate themselves to pay large sums of money to lenders.

358. The above-stated misrepresentations and omissions were material facts and had Plaintiffs been aware of such facts, they would not have purchased life insurance policies, would not have paid the life insurance premiums up front, and would not have obligated themselves to pay large sums of money to lenders.

359. As a direct and proximate result of the above acts and words, Plaintiffs have sustained substantial damages, including the loss of substantial premium payments made, loss in value of encumbered property, loss of death benefits, loss of future due payments and monies, and the costs and attorney's fees associated with this suit.

WHEREFORE, Plaintiffs prays that this Court enter judgment in favor of Plaintiffs and against Defendants in an amount in excess of \$50,000 plus costs and attorney's fees, together with such other relief as this Court deems just.

## **COUNT 16 -FRAUDULENT INDUCEMENT**

**Kevin Hull**

1-328. Plaintiffs adopt and reallege Paragraphs 1 through 326 of the Facts Common to All Counts as though fully set forth herein.

339. Certain persons made false statements of material facts. These misrepresentations included the value of life insurance policies on a secondary market, the ability to sell those policies on a secondary market, the cost of entering into this life settlement plan to the Defendant, and the apportionment of the risks in the life settlement plan.

340. These representations were made with the intent to induce the Plaintiffs into entering into a life settlement scheme.

341. Plaintiffs reasonably relied on the misrepresentations, as those misrepresentations were made by persons the Plaintiffs hired as advisors and attorneys to act on their behalf. Furthermore, these advisors and attorneys represented themselves as knowledgeable on life settlement plans and could put a life settlement plan into effect for the Plaintiffs.

342. If the Plaintiffs had known of these misrepresentations, she would not have entered into this life settlement plan and would not have guaranteed any loans associated with any life settlement plan.

343. Kevin Hull knew or should have known of the misrepresentations made to induce the Plaintiffs into entering into the life settlement plan which included the procurement of loans to finance the life insurance policies. Kevin Hull benefited from and ratified the misrepresentations made to induce the Plaintiffs into entering to a life settlement plan from the placement of the loans and/or the policies through the receipt of commissions, bonuses, and/or other compensation.

344. As a direct and proximate result of the above acts and words, Plaintiffs have sustained substantial damages, including the loss of substantial premium payments made, loss in value of encumbered property, loss of death benefits, loss of future due payments and monies, and the costs and attorney's fees associated with this suit.

WHEREFORE, Plaintiffs prays that this Court enter judgment in favor of Plaintiffs and against Defendants in an amount in excess of \$50,000 plus costs and attorney's fees, together with such other relief as this Court deems just.

#### **COUNT 17 -BREACH OF FIDUCIARY DUTY**

##### **Kevin Hull**

1-326. Plaintiffs adopt and reallege Paragraphs 1 through 326 of the Facts Common to All Counts as though fully set forth herein.

326. Kevin Hull and others were members of an enterprise whose purpose was to induce others into enter into life settlement transactions through the use of loans that they would arrange and induce others to sign.

327. According to a document prepared by enterprise members Justin Meyers and M Group Financial, Some of the largest banks and financial institutions in the world that we represent are interested in joint venturing with clients like you with regards to the acquisition/issuance of this insurance.”

328. According to Meyers. “The bank/financial institution pays all premium and transaction expenses and shares with the client the benefits associated with a life insurance policy.”

329. According to Meyers. “There is not cost, obligation, liability or recourse to the client.”

330. This document was contained within Timothy J. Walsh's file for Karen Soper.

331. The purpose of the joint venture was to fund a life settlement investment scheme.

332. As an enterprise member and joint venturer, Kevin Hull agreed to provide financing for the acquisition life insurance policies.

333. Furthermore, the Plaintiffs reposed trust and confidence in Kevin Hull, and other defendants, do to their superior knowledge and expertise in the areas of insurance, banking, financing and life settlement plans. The Plaintiffs reposed such great trust and confidence, that various instruments, including loan documents, were signed without any negotiation or questions by the Plaintiffs.

334. When it entered into this agreement to provide financing for the life insurance policies, the Defendant, enterprise member, and joint venturer, Kevin Hull was bound by a fiduciary duty to disclose all material terms, conditions, and risks of the life insurance scheme proposed by the Defendants to the Plaintiffs, and to procure and sell such life insurance policies and extend financing according to the representations made by Defendants to the Plaintiffs.

335. Defendants. STC Capital Bank breached their fiduciary duty to Plaintiffs in the following ways:

a. Misrepresented its prior relationships with the Defendants, including Distributor Resources, Inc., Michael Brdecka, Jill Walsh, Timothy J. Walsh, Timothy J. Walsh & Associates, Arbor Premium Finance, L.L.C., Life Settlement Finance Group, Rob Trumpy, Justin Meyers, M Group Financial, L.L.C.;

b. Failed to make payments on Plaintiffs' life insurance policies and allowed them to lapse;

c. Concealed the lapse of the Plaintiffs' life insurance policies;

d. Breached the duty of good faith and fair dealing by actively concealing its prior relationships with the defendants and enterprise members;

e. Misrepresented the scope of its participation with the other Defendants' in the life settlement scheme;

f. Caused or allowed the other Defendants and enterprise members to represent to the Plaintiff that the life insurance policies had value on the secondary market, despite knowing that the policies were worthless and would never be sold;

g. Allowed **elderly** persons to sign loan documents after having received documents that indicated that no loan would be used to procure the life insurance;

h. Otherwise violated the duties of loyalty, good faith and fair dealing among fiduciaries.

336. As a proximate cause and result of Defendant Kevin Hull's breaches, Plaintiffs have been harmed in that they are left without life insurance policies, have purportedly defaulted on purported loan agreements, and have otherwise been harmed in an amount believed to be in excess of \$50,000.00.

WHEREFORE, Plaintiffs prays that this Court enter judgment in favor of Plaintiffs and against Defendant Kevin Hull in an amount in excess of \$50,000 plus costs and attorney's fees, together with such other relief as this Court deems just.

## **COUNT 18 - RESTITUTION, KNOWING PARTICIPATION IN BREACH OF FIDUCIARY DUTY**

### **Kevin Hull**

1-326. Plaintiffs adopt and reallege Paragraphs 1 through 326 of the Facts Common to All Counts as though fully set forth herein.

326. Kevin Hull, by his relationship with Timothy J. Walsh, Rob Trumpy, Jill Walsh, and STC Capital Bank, knew or should have known the actions taken by those persons and others that constituted a breach of fiduciary duty, as alleged elsewhere in this Complaint.

327. Kevin Hull knowingly accepted benefits from the breaches of fiduciary duty committed by those persons and others or otherwise knowingly participated with those defendants in their commission of acts which breached their fiduciary duty.

328. A party who knowingly accepts benefits from another party's breach of fiduciary duty owes any aggrieved parties a duty of restitution.

329. The Plaintiffs, has been various alleged elsewhere in this Complaint, have suffered damages in excess of \$50,000.00 due to breaches of fiduciary duty committed by various defendants and others.

WHEREFORE, Plaintiffs pray that this Court enter judgment in favor of Plaintiffs an against Defendant Kevin Hull in an amount in excess of \$50,000 in restitution plus costs and attorney's fees, together with such other relief as this Court deems just.

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